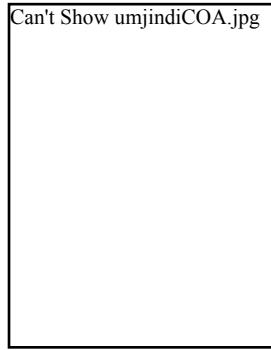


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Umjindi Local Municipality
Annual Financial Statements
for the year ended 30 June 2015

Umjindi Local Municipality

Annual Financial Statements for the year ended 30 June 2015

General Information

Members of Council

L.V. Mashaba (Executive Mayor)
P.V. Mkhathshwa (Speaker)
N.E. Mkhabela (Member of the Mayoral Committee)
M.J. Hlophe (Member of the Mayoral Committee)
N.E. Nsimbini (Member of the Mayoral Committee)
Members:
H.L. Shongwe
P.L. Sambo
A.S Mthunywa
M.C Nkosi
S.I. Gama
P.C.W. Minnaar
M.E. Jacobs
T.R. Manyisa
S. Mabuza
P.M. Mnisi
B.N. Mathebula
D.T. Chibi
S.P. Msibi

Grading of local authority

03

Municipal demarcation code

MP323

Accounting Officer

D.P. Msibi

Chief Finance Officer

T.P. Mpele

Business address

CNR General & De Vilier's street
Barberton
1300

Postal address

P. O. Box 33
Barberton
1300

Bankers

First National Bank LTD

Auditors

Auditor General SA

Umjindi Local Municipality

Annual Financial Statements for the year ended 30 June 2015

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The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

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Statement of Financial Performance for the year ended 30 June 2015	6
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The following supplementary information does not form part of the annual financial statements and is unaudited:	
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Umjindi Local Municipality

Annual Financial Statements for the year ended 30 June 2015

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Acronyms

DBSA	Development Bank of Southern Africa
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
PPE	Property, Plant and Equipment
RUL	Remaining Useful Life
WIP	Work in progress

Umjindi Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003) [MFMA], to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external and internal auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Generally Recognised Accounting Standards (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The annual financial statements set out on pages 5 to 77, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2015 and were signed by him:

DP Msibi
Accounting Officer

Umjindi Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Statement of Financial Position as at 30 June 2015

Figures in Rand	Note(s)	2015	2014 Restated*
Assets			
Current Assets			
Inventories	9	92 176 451	90 981 319
Other receivables from exchange transactions		461 759	2 236 960
Other receivables from non-exchange transactions	10	533 540	5 702 543
Consumer receivables	11	45 067 466	32 551 617
Cash and cash equivalents	14	9 666 554	7 333 410
		147 905 770	138 805 849
Non-Current Assets			
Investment property	4	2 772 740	8 027 540
Property, plant and equipment	5	834 311 923	790 177 437
Intangible assets	6	151 088	138 607
Heritage assets	7	529 508	529 508
Investments in controlled entities	8	100	100
Deposits - Eskom		3 023 000	3 023 000
		840 788 359	801 896 192
Total Assets		988 694 129	940 702 041
Liabilities			
Current Liabilities			
Current portion of long term liabilities	15	681 608	931 830
Trade & other payables from exchange transactions	16	54 360 749	59 928 656
Trade & other payable from non-exchange transactions	17	33 078	30 852
VAT payable	18	448 358	2 847 905
Consumer deposits	19	2 733 339	2 660 371
Employee benefit obligation	22	6 492 000	5 642 000
Unspent conditional grants and receipts	20	5 784 504	-
Provisions	21	1 785 309	901 255
		72 318 945	72 942 869
Non-Current Liabilities			
Long term liabilities	15	1 587 206	2 268 814
Employee benefit obligation	22	12 731 000	11 529 000
Provisions	21	13 235 275	13 033 493
		27 553 481	26 831 307
Total Liabilities		99 872 426	99 774 176
Net Assets		888 821 703	840 927 865
Accumulated surplus		888 821 703	840 927 865

* See Note 2 & 42

Umjindi Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Statement of Financial Performance for the year ended 30 June 2015

Figures in Rand	Note(s)	2015	2014 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	24	116 657 823	104 089 481
Rental of facilities and equipment		827 847	535 811
Interest received - outstanding debtors		5 739 873	4 648 416
Income from agency services		1 367 617	1 192 849
Licences and permits		1 545 556	1 535 809
Other income	26	4 552 067	4 181 380
Interest received - external investment	30	1 094 294	509 136
Total revenue from exchange transactions		131 785 077	116 692 882
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	23	22 732 193	22 306 340
Transfer revenue			
Government grants & subsidies	25	127 718 930	120 114 546
Public contributions and donations		10 095 201	2 734 625
Traffic fines		604 700	732 750
Total revenue from non-exchange transactions		161 151 024	145 888 261
Total revenue		292 936 101	262 581 143
Expenditure			
Employee related costs	28	(82 020 530)	(76 286 206)
Remuneration of councillors	29	(5 740 464)	(5 574 553)
Depreciation and amortisation	32	(27 207 087)	(26 224 647)
Impairment of assets	33	(34 376)	-
Finance costs	34	(2 984 053)	(1 152 403)
Debt Impairment	12	(7 649 401)	(13 460 553)
Repairs and maintenance		(1 968 449)	(1 445 135)
Material and bulk purchases	37	(69 052 191)	(62 856 670)
Contracted services	36	(11 662 334)	(10 942 601)
Transfers and subsidies paid	35	(6 771 990)	(4 873 232)
General expenses	27	(24 762 761)	(24 754 951)
Total expenditure		(239 853 636)	(227 570 951)
Operating surplus		53 082 465	35 010 192
Gain (loss) on disposal of assets		(5 261)	(643 656)
Fair value adjustments	31	(5 183 372)	3 426 900
		(5 188 633)	2 783 244
Surplus for the year		47 893 832	37 793 436

* See Note 2 & 42

Umjindi Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Statement of Changes in Net Assets for the year ended 30 June 2015

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	962 573 663	962 573 663
Prior period error adjustments	(159 439 234)	(159 439 234)
Balance at 01 July 2013 as restated*	803 134 429	803 134 429
Changes in net assets		
Restated surplus or deficit for the year	37 793 436	37 793 436
Total changes	37 793 436	37 793 436
Balance at 01 July 2014	840 927 871	840 927 871
Changes in net assets		
Total recognised income and expenses for the year	47 893 832	47 893 832
Total changes	47 893 832	47 893 832
Balance at 30 June 2015	888 821 703	888 821 703

See note 42 for prior period error adjustments disclosure

* See Note 2 & 42

Umjindi Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Cash Flow Statement for the year ended 30 June 2015

Figures in Rand	Note(s)	2015	2014 Restated*
Cash flows from operating activities			
Receipts			
Property rates		16 385 799	23 741 373
Sale of goods and services		109 112 620	93 883 076
Government grants & subsidies		133 503 434	114 911 845
Interest received - external investment		1 094 294	509 136
Other receipts		15 308 715	6 300 240
		<u>275 404 862</u>	<u>239 345 670</u>
Payments			
Employee costs		(84 409 940)	(77 085 619)
Suppliers		(123 518 838)	(97 753 031)
Finance costs		(2 984 053)	(1 149 744)
		<u>(210 912 831)</u>	<u>(175 988 394)</u>
Net cash flows from operating activities	38	<u>64 492 031</u>	<u>63 357 276</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(61 167 016)	(61 546 798)
Proceeds from sale of property, plant and equipment		-	(422 807)
Purchase of other intangible assets	6	(60 045)	(1 955)
Net cash flows from investing activities		<u>(61 227 061)</u>	<u>(61 971 560)</u>
Cash flows from financing activities			
Repayment of long term liabilities		(931 830)	(829 292)
Finance lease payments		-	(50 520)
Net cash flows from financing activities		<u>(931 830)</u>	<u>(879 812)</u>
Net increase/(decrease) in cash and cash equivalents		2 333 140	505 904
Cash and cash equivalents at the beginning of the year		7 333 410	6 827 506
Cash and cash equivalents at the end of the year	14	<u>9 666 554</u>	<u>7 333 410</u>

* See Note 2 & 42

Umjindi Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Statement of Comparison of Budget and Actual Amounts for the year ended 30 June 2015

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference refer note 54
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Figures in Rand

Statement of Financial Performance

Revenue

Revenue from exchange transactions

Service charges	127 072 900	-	127 072 900	116 657 823	(10 415 077)	53.1
Rental of facilities and equipment	1 092 000	-	1 092 000	827 847	(264 153)	53.2
Interest receivable- outstanding debtors	2 000 000	-	2 000 000	5 739 873	3 739 873	53.3
Income from agency services	1 142 211	-	1 142 211	1 367 617	225 406	53.4
Licences and permits	1 678 394	-	1 678 394	1 545 556	(132 838)	53.5
Other income	5 819 000	-	5 819 000	4 552 067	(1 266 933)	53.6
Interest received - external investment	350 000	-	350 000	1 094 294	744 294	53.7
Total revenue from exchange transactions	139 154 505	-	139 154 505	131 785 077	(7 369 428)	

Revenue from non-exchange transactions

Taxation revenue

Property rates	17 362 016	-	17 362 016	22 732 193	5 370 177	53.8
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Transfer revenue

Government grants & subsidies	119 008 000	10 600 000	129 608 000	127 718 930	(1 889 070)	53.9
Public contributions and donations	-	-	-	10 095 201	10 095 201	53.10
Traffic fines	253 000	-	253 000	604 700	351 700	53.11

Total revenue from non-exchange transactions	136 623 016	10 600 000	147 223 016	161 151 024	13 928 008	
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Total revenue	275 777 521	10 600 000	286 377 521	292 936 101	6 558 580	
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Expenditure

Employee costs	(85 779 000)	-	(85 779 000)	(82 020 530)	3 758 470	53.12
Remuneration of councillors	(7 040 000)	-	(7 040 000)	(5 740 464)	1 299 536	53.13
Depreciation and amortisation	(23 000 000)	-	(23 000 000)	(27 207 087)	(4 207 087)	53.14
Impairment of assets	-	-	-	(34 376)	(34 376)	53.15
Finance costs	(1 785 000)	-	(1 785 000)	(2 984 053)	(1 199 053)	53.16
Lease rentals on operating lease	(20 000)	-	(20 000)	-	20 000	53.17
Allowance for impairment of debtors	(15 371 596)	-	(15 371 596)	(7 649 401)	7 722 195	53.18
Repairs and maintenance	(4 171 000)	-	(4 171 000)	(1 968 449)	2 202 551	53.19
Material and Bulk purchases	(62 535 000)	-	(62 535 000)	(69 052 191)	(6 517 191)	53.20
Contracted Services	-	-	-	(11 662 334)	(11 662 334)	53.21
Transfers and Subsidies	(11 930 000)	-	(11 930 000)	(6 771 990)	5 158 010	53.21
General Expenses	(41 122 150)	-	(41 122 150)	(24 762 761)	16 359 389	53.22

Total expenditure	(252 753 746)	-	(252 753 746)	(239 853 636)	12 900 110	
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Operating surplus	23 023 775	10 600 000	33 623 775	53 082 465	19 458 690	
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Gain on disposal of assets	300 000	-	300 000	(5 261)	(305 261)	53.23
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Fair value adjustments	-	-	-	(5 183 372)	(5 183 372)	53.24
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Umjindi Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Statement of Comparison of Budget and Actual Amounts for the year ended 30 June 2015

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference refer note 54
Figures in Rand						
	300 000	-	300 000	(5 188 633)	(5 488 633)	
Surplus before taxation	23 323 775	10 600 000	33 923 775	47 893 832	13 970 057	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	23 323 775	10 600 000	33 923 775	47 893 832	13 970 057	

Umjindi Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Statement of Comparison of Budget and Actual Amounts for the year ended 30 June 2015

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference refer note 54
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Figures in Rand

Statement of Financial Position

Assets

Current Assets

Inventories	-	-	-	92 176 451	92 176 451	
Other receivables from exchange transactions	-	-	-	461 759	461 759	
Other receivables from non- exchange transactions	-	-	-	533 540	533 540	
Consumer debtors	31 000 000	-	31 000 000	45 067 466	14 067 466	
Cash and cash equivalents	11 000 000	-	11 000 000	9 666 554	(1 333 446)	
	42 000 000	-	42 000 000	147 905 770	105 905 770	

Non-Current Assets

Investment property	76 140 000	-	76 140 000	2 772 740	(73 367 260)	
Property, plant and equipment	724 769 492	-	724 769 492	834 311 923	109 542 431	
Intangible assets	-	-	-	151 088	151 088	
Heritage assets	529 508	-	529 508	529 508	-	
Investments in controlled entities	-	-	-	100	100	
Deposits - Eskom	-	-	-	3 023 000	3 023 000	
	801 439 000	-	801 439 000	840 788 359	39 349 359	

Total Assets

	843 439 000	-	843 439 000	988 694 129	145 255 129	
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Liabilities

Current Liabilities

Long term liabilities	854 000	-	854 000	681 608	(172 392)	
Trade & other payables from exchange transactions	10 000 000	-	10 000 000	54 360 742	44 360 742	
Trade and other payable from non-exchange transactions	-	-	-	33 078	33 078	
VAT payable	-	-	-	448 358	448 358	
Consumer deposits	2 565 000	-	2 565 000	2 733 339	168 339	
Employee benefit obligation	-	-	-	6 492 000	6 492 000	
Unspent conditional grants and receipts	-	-	-	5 784 504	5 784 504	
Provisions	2 931 000	-	2 931 000	1 785 309	(1 145 691)	
	16 350 000	-	16 350 000	72 318 938	55 968 938	

Non-Current Liabilities

Long term liabilities	4 211 000	-	4 211 000	1 587 206	(2 623 794)	
Employee benefit obligation	15 531 000	-	15 531 000	12 731 000	(2 800 000)	
Provisions	-	-	-	13 235 275	13 235 275	
	19 742 000	-	19 742 000	27 553 481	7 811 481	

Total Liabilities

	36 092 000	-	36 092 000	99 872 419	63 780 419	
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Net Assets

	807 347 000	-	807 347 000	888 821 710	81 474 710	
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Net Assets

Net Assets Attributable to Owners of Controlling Entity

Umjindi Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Statement of Comparison of Budget and Actual Amounts for the year ended 30 June 2015

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference refer note 54
Figures in Rand						
Reserves						
Accumulated surplus	807 347 000	-	807 347 000	888 821 710	81 474 710	

Umjindi Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Statement of Comparison of Budget and Actual Amounts for the year ended 30 June 2015

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference refer note 54
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Figures in Rand

Cash Flow Statement

Cash flows from operating activities

Receipts

Property rates	17 362 016	-	17 362 016	16 385 799	(976 217)	53.26
Sale of goods and services	110 423 379	-	110 423 379	109 112 620	(1 310 759)	53.27
Government grants & subsidies - operating	64 208 000	-	64 208 000	77 381 235	13 173 235	53.28
Government grants & subsidies - capital	54 800 000	10 600 000	65 400 000	56 123 999	(9 276 001)	53.28
Interest received - external investment	2 350 000	-	2 350 000	1 094 294	(1 255 706)	53.29
Other receipts	8 639 605	-	8 639 605	15 308 715	6 669 110	53.30
	257 783 000	10 600 000	268 383 000	275 406 662	7 023 662	

Payments

Suppliers and employees	(206 236 000)	-	(206 236 000)	(201 121 156)	5 114 844	53.31
Finance costs	(754 000)	-	(754 000)	(2 984 053)	(2 230 053)	53.32
Transfers and Grants	(6 940 000)	-	(6 940 000)	(6 807 623)	132 377	53.33
	(213 930 000)	-	(213 930 000)	(210 912 832)	3 017 168	

Net cash flows from operating activities

43 853 000 10 600 000 54 453 000 64 493 830 10 040 830

Cash flows from investing activities

Purchase of property, plant and equipment	(54 800 000)	(10 600 000)	(65 400 000)	(61 167 016)	4 232 984	53.34
Purchase of other intangible assets	-	-	-	(60 045)	(60 045)	53.34

Net cash flows from investing activities

(54 800 000) (10 600 000) (65 400 000) (61 227 061) 4 172 939

Cash flows from financing activities

Repayment of long term liabilities	(1 031 000)	-	(1 031 000)	(931 830)	99 170	53.35
Net increase/(decrease) in cash and cash equivalents	(11 978 000)	-	(11 978 000)	2 334 939	14 312 939	
Cash and cash equivalents at the beginning of the year	11 686 000	-	11 686 000	7 333 410	(4 352 590)	
Cash and cash equivalents at the end of the year	(292 000)	-	(292 000)	9 668 349	9 960 349	

Umjindi Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003) [MFMA].

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

The preparation of annual financial statements, management in conformity with standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

Impairment of financial assets

The municipality assesses its financial assets at amortised cost for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Allowance for slow moving, damaged and obsolete stock

In determining an allowance to write stock down to the lower of cost or net realisable value, management have made estimates on certain inventory items and the write down is included in operating expenditure.

Useful lives of property, plant and equipment and intangibles assets

As described in accounting policy 1.3 and 1.4, the municipality depreciates / amortises its property, plant and equipment and intangible assets over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use. The useful lives and residual values of the assets are based on industry knowledge.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets.

Umjindi Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.1 Significant judgements and sources of estimation uncertainty (continued)

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 21 - Provisions.

Post retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 22.

Payments to defined contribution retirement benefit plans are charged to the Statement of Financial Performance as they fall due. Payments made to industry managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the municipality's obligation under the scheme is equivalent to those arising in a defined contribution retirement benefit plan. The retirement benefits are calculated in accordance with the rules of the funds. Full actuarial valuations will be performed on a regular basis on defined benefits contribution plans.

The municipality provides certain post retirement medical benefits by funding the medical aid contributions of certain retired members of the municipality. According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current conditions of service), on retirement, is entitled to remain a continued member of such medical aid fund, in which case the member is liable for anywhere between 30% and 50% of the medical aid membership fee, and the municipality for the remaining 50% to 70%. The amount varies from person to person. The medical aid contributions are charged to the Statement of Financial Performance as they fall due. The additional cost effect of defined benefit retirement funds is immaterial and the costs thereof are charged to the Statement of Financial Performance as they fall due. The municipality's net obligation in respect of post retirement plans are calculated separately for each plan by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods whereby that benefit is discounted to determine its present value.

Effective interest rate

The municipality used the prime interest rate to discount future cash flows.

Allowance for Impairment

A provision for impairment of receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the initial terms receivables. The impairment is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate. An estimate of doubtful debt is made at the end of each reporting period taking into consideration past default experiences. Consumer receivables are then impaired on the basis of consumer account analysis and applied on any account where there was no payment over 12 months.

1.2 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

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1.2 Investment property (continued)

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Fair value

Subsequent to initial measurement investment property is measured at fair value.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises. If the fair value of investment property under construction is not determinable, it is measured at cost until the earlier of the date it becomes determinable or construction is complete.

1.3 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one reporting period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost or fair value of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the costs. The cost also includes the necessary costs of dismantling and removing the asset and restoring the asset on the site on which it is located.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets to the estimated residual value.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or assets, or a combination of assets and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

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1.3 Property, plant and equipment (continued)

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Land	Indefinite
Buildings	3 - 30
Motor vehicles	5 - 15
Office equipment	
• Computer hardware	3 - 7
• Office machines	3 - 7
Infrastructure	
• Road and paving	10 - 80
• Electricity	3 - 80
• Water	5 - 100
• Sewerage	30 - 60
Community	
• Buildings	5 - 30
• Recreational facilities	5 - 30
• Park and gardens	5 - 30
Other property, plant and equipment	5 - 15
Landfill site	10 - 55

The useful life and depreciation method of each asset is reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate but if the change is due to the incorrect useful life being utilised, it is accounted for as a prior year error.

Items of municipality are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.4 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the municipality intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

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1.4 Intangible assets (continued)

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software	2 - 7 years

1.5 Heritage assets

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

Initial measurement

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less accumulated impairment losses.

Impairment

The municipality assess at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset.

Derecognition

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

1.6 Investments in controlled entities

Investments in controlled entities are carried at cost less any accumulated impairment.

The cost of an investment in controlled entity is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the municipality; plus
- any costs directly attributable to the purchase of the controlled entity.

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1.7 Financial instruments

Classification

The municipality has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class

Receivables from exchange transactions
Receivables from non - exchange transactions
Cash and cash equivalent

Category

Financial asset measured at amortised cost
Financial asset measured at amortised cost
Financial asset measured at amortised cost

The municipality has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class

Trade and other payables from exchange transactions
Other financial liabilities - long-term
Other financial liabilities - short-term

Category

Financial liability measured at amortised cost
Financial liability measured at amortised cost
Financial liability measured at amortised cost

Initial recognition

The municipality recognises a financial asset or a financial liability in its statement of financial position when the municipality becomes a party to the contractual provisions of the instrument.

The municipality recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The municipality measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

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1.7 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

The municipality measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

Impairment of financial assets

The entity assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

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1.7 Financial instruments (continued)

Derecognition

Financial assets

The municipality derecognises financial assets using trade date accounting.

The municipality derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the municipality, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the municipality :
 - derecognise the asset; and
 - recognise separately any rights and obligations created or retained in the transfer.

Financial liabilities

The municipality removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

1.8 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

Any contingent rents are expensed in the period in which they are incurred.

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1.9 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.10 Impairment of cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated municipality, it generates a commercial return.

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

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Accounting Policies

1.10 Impairment of cash-generating assets (continued)

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the municipality does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

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1.10 Impairment of cash-generating assets (continued)

Reversal of impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.11 Impairment of non-cash-generating assets

Value in use

The recoverable service amount is determined as the higher of fair value less cost to sell or recoverable value. Value in use is determined by applying the depreciated replacement cost approach.

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

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Accounting Policies

1.11 Impairment of non-cash-generating assets (continued)

Reversal of an impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.12 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

Termination benefits are employee benefits payable as a result of either:

- an municipality's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

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1.12 Employee benefits (continued)

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the municipality during a reporting period, the municipality recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the municipality recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The municipality measure the expected cost of accumulating compensated absences as the additional amount that the municipality expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The municipality recognise the expected cost of bonus, incentive and performance related payments when the municipality has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the municipality has no realistic alternative but to make the payments.

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an municipality pays fixed contributions into a separate municipality (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the municipality during a reporting period, the municipality recognise the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an municipality recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

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Accounting Policies

1.12 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the municipality recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the municipality recognise past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The municipality account not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the municipality's informal practices. Informal practices give rise to a constructive obligation where the municipality has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the municipality's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The municipality measure the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The municipality determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The municipality recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;

Umjindi Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.12 Employee benefits (continued)

- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The municipality recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the municipality re-measure the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is [OR is not] presented as the net of the amount recognised for a reimbursement.

The municipality offsets an asset relating to one plan against a liability relating to another plan when the municipality has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

1.13 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

Umjindi Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.13 Provisions and contingencies (continued)

The municipality does not recognise contingent assets and contingent liabilities. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits is remote. A contingent assets is disclosed where an outflow of economic benefits is probable. Contingencies are disclosed in note 39.

1.14 Commitments

Capital and operating commitments disclosed in the notes to the annual financial statements represents the balance committed to capital projects and operating activities as at the reporting date which will be incurred in the period subsequent to the specific reporting period.

1.15 Revenue from exchange transactions

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Interest

Revenue arising from the use by others of municipality assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Umjindi Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.16 Revenue from non-exchange transactions

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Fines

Revenue from issuing of fines is recognised when it is probable that the economic benefits or service potential will flow to the municipality and the amount of the revenue can be measured reliably. Fines consists of spot fines and summonses. Revenue for fines is recognised when the fine is issued at the full amount of the receivables. Assessment and recognising impairment is an event that takes subsequent to initial recognition of revenue charged. Subsequently assets arising from the receivables from traffic fines are impaired based on the collection trend of the previous financial years.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

1.17 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.18 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

1.19 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.20 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

Umjindi Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.21 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.22 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.23 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

1.24 Budget information

The approved budget covers the fiscal period from 2014/07/01 to 2015/06/30.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.25 Related parties

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the local sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.26 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amounts recognised in the financial statements to reflect the adjusting events after the reporting date.

The municipality does not adjust the amount recognised in the annual financial statements to reflect non-adjusting events after the reporting date. If the municipality receives information after the reporting date but before the financial statements are authorised for issue, about the conditions that existed at the reporting date, the disclosure that relate to those conditions shall be updated in light of the new information.

Umjindi Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.27 Value Added Tax (VAT)

The municipality accounts for Value added Tax on payment basis.

Umjindi Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements for the year ended 30 June 2015

Figures in Rand	2015	2014
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2. Changes in accounting policy

The annual financial statements have been prepared in accordance with Generally Recognised Accounting Standards on a basis consistent with the prior year except for the adoption of the following new or revised standards.

3. New standards and interpretations

3.1 Standards Amendments and interpretations to GRAP standards issued, but not yet effective

The following GRAP standards have been approved by the accounting standards board and effective dates have not yet been determined by the minister as indicated below except where effective date has been determined. The standards have not been early adopted nor an accounting policy developed by the municipality. The impact on the application of the new standards could not be reasonably estimated as at the reporting date and it is not anticipated that these statements will have a significant impact on the municipality.

GRAP 105: Transfers of functions between entities under common control

The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control. It requires an acquirer and a transferor that prepares and presents financial statements under the accrual basis of accounting to apply this Standard to a transaction or event that meets the definition of a transfer of functions. It includes a diagram and requires that entities consider the diagram in determining whether this Standard should be applied in accounting for a transaction or event that involves a transfer of functions or merger.

It furthermore covers Definitions, Identifying the acquirer and transferor, Determining the transfer date, Assets acquired or transferred and liabilities assumed or relinquished, Accounting by the acquirer and transferor, Disclosure, Transitional provisions as well as the Effective date of the standard.

The effective date of the standard is for years beginning on or after 01 April 2015.

GRAP 106: Transfers of functions between entities not under common control

The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control. It requires an entity that prepares and presents financial statements under the accrual basis of accounting to apply this Standard to a transaction or other event that meets the definition of a transfer of functions. It includes a diagram and requires that entities consider the diagram in determining whether this Standard should be applied in accounting for a transaction or event that involves a transfer of functions or merger.

It furthermore covers Definitions, Identifying a transfer of functions between entities not under common control, The acquisition method, Recognising and measuring the difference between the assets acquired and liabilities assumed and the consideration transferred, Measurement period, Determining what is part of a transfer of functions, Subsequent measurement and accounting, Disclosure, Transitional provisions as well as the Effective date of the standard.

The effective date of the standard is for years beginning on or after 01 April 2015.

GRAP 107: Mergers

The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control. It requires an entity that prepares and presents financial statements under the accrual basis of accounting to apply this Standard to a transaction or other event that meets the definition of a transfer of functions. It includes a diagram and requires that entities consider the diagram in determining whether this Standard should be applied in accounting for a transaction or event that involves a transfer of functions or merger.

It furthermore covers Definitions, Identifying a transfer of functions between entities not under common control, The acquisition method, Recognising and measuring the difference between the assets acquired and liabilities assumed and the consideration transferred, Measurement period, Determining what is part of a transfer of functions, Subsequent measurement and accounting, Disclosure, Transitional provisions as well as the Effective date of the standard.

The effective date of the standard is for years beginning on or after 01 April 2015.

GRAP32: Service Concession Arrangements: Grantor

Notes to the Annual Financial Statements for the year ended 30 June 2015

3. New standards and interpretations (continued)

The objective of this Standard is: to prescribe the accounting for service concession arrangements by the grantor, a public sector entity.

It furthermore covers: Definitions, recognition and measurement of a service concession asset, recognition and measurement of liabilities, other liabilities, contingent liabilities, and contingent assets, other revenues, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the standard is not yet set by the Minister of Finance.

GRAP108: Statutory Receivables

The objective of this Standard is: to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.

It furthermore covers: Definitions, recognition, derecognition, measurement, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the standard is not yet set by the Minister of Finance.

IGRAP17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset

This Interpretation of the Standards of GRAP provides guidance to the grantor where it has entered into a service concession arrangement, but only controls, through ownership, beneficial entitlement or otherwise, a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease. This Interpretation of the Standards of GRAP shall not be applied by analogy to other types of transactions or arrangements.

The effective date of the standard is not yet set by the Minister of Finance.

GRAP 18: Segment Reporting

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the municipality. The major classifications of activities identified in budget documentation will usually reflect the segments for which an entity reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of an entity that provides specific outputs or achieves particular operating objectives that are in line with the municipality's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by an entity within a particular region.

The effective date of the standard is for years beginning on or after 01 April 2015.

The municipality does not envisage the adoption of the standard until such time as it becomes applicable to the municipality's operations.

Additional text

- Additional text
- Additional text
- Additional text

The effective date of the standard is for years beginning on or after .

The municipality expects to adopt the standard for the first time in the 2001 annual financial statements.

Additional text

- Additional text
- Additional text
- Additional text

Umjindi Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements for the year ended 30 June 2015

3. New standards and interpretations (continued)

The effective date of the is for years beginning on or after .

The municipality expects to adopt the for the first time in the 2001 annual financial statements.

Umjindi Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements for the year ended 30 June 2015

Figures in Rand

2015

2014

4. Investment property

	2015			2014		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land and buildings	2 772 740	-	2 772 740	8 027 540	-	8 027 540

Reconciliation of investment property - 2015

	Opening balance	Additions	Disposals	Transfers	Fair value adjustments	Total
Land and buildings	8 027 540	-	-	-	(5 254 800)	2 772 740

Reconciliation of investment property - 2014

	Opening balance	Additions	Disposals	Transfers	Fair value adjustments	Total
Land and buildings	4 600 640	-	-	-	3 426 900	8 027 540

Pledged as security

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

There were no investment properties pledged as security for liabilities during the financial year ended 30 June 2015

Umjindi Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements for the year ended 30 June 2015

Figures in Rand

5. Property, plant and equipment

	2015			2014		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	113 861 121	-	113 861 121	113 861 121	-	113 861 121
Buildings	21 989 509	(10 383 587)	11 605 922	21 989 509	(9 625 413)	12 364 096
Infrastructure	938 815 043	(324 343 556)	614 471 487	885 456 097	(301 199 396)	584 256 701
Community property	44 046 437	(23 442 649)	20 603 788	34 336 324	(22 304 296)	12 032 028
Other property, plant and equipment	27 935 628	(23 060 516)	4 875 112	26 339 833	(21 467 296)	4 872 537
Capital work in progress	60 344 677	-	60 344 677	53 694 453	-	53 694 453
Landfill site	11 674 593	(3 124 777)	8 549 816	11 674 593	(2 578 092)	9 096 501
Total	1 218 667 008	(384 355 085)	834 311 923	1 147 351 930	(357 174 493)	790 177 437

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Disposals	Public contributions and donations	Transfers	Fairvalue adjustments	Depreciation	Impairment loss	Total
Land	113 861 121	-	-	-	-	-	-	-	113 861 121
Buildings	12 364 096	-	-	-	-	-	(758 174)	-	11 605 922
Infrastructure	584 256 701	51 030	-	-	53 307 916	-	(23 144 160)	-	614 471 487
Community property	12 032 028	-	-	9 710 113	-	-	(1 138 353)	-	20 603 788
Other property, plant and equipment	4 872 537	1 144 610	(5 261)	385 088	13 236	71 428	(1 572 151)	(34 375)	4 875 112
Capital work in progress	53 694 453	59 971 376	-	-	(53 321 152)	-	-	-	60 344 677
Landfill site	9 096 501	-	-	-	-	-	(546 685)	-	8 549 816
	790 177 437	61 167 016	(5 261)	10 095 201	-	71 428	(27 159 523)	(34 375)	834 311 923

Umjindi Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements for the year ended 30 June 2015

Figures in Rand

5. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Disposals	Public contributions and donations	Transfers	Depreciation	Total
Land	113 861 121	-	-	-	-	-	113 861 121
Buildings	12 872 617	-	-	-	-	(508 521)	12 364 096
Infrastructure	576 281 579	9 219 384	-	2 734 625	17 833 702	(21 812 589)	584 256 701
Community property	10 480 252	1 532 139	-	-	1 113 243	(1 093 606)	12 032 028
Other property, plant and equipment	6 906 741	353 966	(220 849)	-	-	(2 167 321)	4 872 537
Capital work in progress	22 200 089	50 441 309	-	-	(18 946 945)	-	53 694 453
Landfill site	9 658 571	-	-	-	-	(562 070)	9 096 501
	752 260 970	61 546 798	(220 849)	2 734 625	-	(26 144 107)	790 177 437

Pledged as security

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

There were no assets (PPE) pledged as security for liabilities during the financial year ending 30 June 2015.

Umjindi Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements for the year ended 30 June 2015

Figures in Rand 2015 2014

6. Intangible assets

	2015			2014		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	357 655	(206 567)	151 088	297 610	(159 003)	138 607

Reconciliation of intangible assets - 2015

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software	138 607	60 045	-	(47 564)	151 088

Reconciliation of intangible assets - 2014

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software	217 192	1 955	-	(80 540)	138 607

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

There were no intangible assets pledged as security for liabilities during the financial year ending 30 June 2015.

Umjindi Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements for the year ended 30 June 2015

Figures in Rand 2015 2014

7. Heritage assets

	2015			2014		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Art Collections, antiquities and exhibits	6 444	-	6 444	6 444	-	6 444
Historical monuments	373 064	-	373 064	373 064	-	373 064
Conservation areas	40 000	-	40 000	40 000	-	40 000
Historical buildings	60 000	-	60 000	60 000	-	60 000
Recreational parks	50 000	-	50 000	50 000	-	50 000
Total	529 508	-	529 508	529 508	-	529 508

Reconciliation of heritage assets 2015

	Opening balance	Additions	Disposals	Transfers	Total
Art Collections, antiquities and exhibits	6 444	-	-	-	6 444
Historical monuments	373 064	-	-	-	373 064
Conservation areas	40 000	-	-	-	40 000
Historical buildings	60 000	-	-	-	60 000
Recreational parks	50 000	-	-	-	50 000
Total	529 508	-	-	-	529 508

Reconciliation of heritage assets 2014

	Opening balance	Additions	Disposals	Transfers	Total
Art Collections, antiquities and exhibits	6 444	-	-	-	6 444
Historical monuments	373 064	-	-	-	373 064
Conservation areas	40 000	-	-	-	40 000
Historical buildings	60 000	-	-	-	60 000
Recreational parks	50 000	-	-	-	50 000
Total	529 508	-	-	-	529 508

Pledged as security

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

There were no heritage assets pledged as security for liabilities during the financial year ending 30 June 2015.

8. Investments in controlled entities

Name of company	Held by	% holding 2015	% holding 2014	Carrying amount 2015	Carrying amount 2014
Umjindi Local Economic Development Agency (PTY) LTD		100.00 %	100.00 %	100	100

The carrying amounts of controlled entities are shown net of impairment losses.

Umjindi Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements for the year ended 30 June 2015

Figures in Rand	2015	2014
9. Inventories		
Water	55 686	57 108
Stores, materials and fuels	3 490 221	2 293 667
Land held for sale	88 630 544	88 630 544
	92 176 451	90 981 319
Land held for sale		
Land - Inventory	55 665 974	55 665 974
Land - structures no documents	32 964 570	32 964 570
	88 630 544	88 630 544

Land - structures no documents

Proposed solution to resolve land held for sale where consumers do not have supporting documents for land acquisition

BACKGROUND:

This refers to all stands occupied by members of the community but still registered in Municipal name as per Deeds Search. This challenge dates back many years in as long as the town establishment took place in Barberton.

It is important to note that Municipality is rendering services to these households.

In an effort to get documents from the occupants the Municipality wrote a letter on 27 August 2015 to request the affected people to bring any documents that will prove how their properties were acquired from the Municipality and this served to be a huge success. However, there were still households which could not provide the Municipality with the documents due to many reasons, amongst others:

- * Death of the original occupiers
- * Selling of properties amongst community members without the necessary transferring them
- * Some households got burnt and documents were destroyed etc.

In die midst of all these it is important to note that there were stands stolen and illegally sold and they were investigated in the past which resulted in little success if no success at all

PROPOSED SOLUTION:

- * The Municipality is going to draft a final warning letter to all remaining households who did not come to present their case, requesting them to come to the Municipality to submit their proof of acquisition and present their case.
- * The Municipality will then handle each case per merit
- * The Municipality will take legal steps on all suspicious presentation for further investigations
- * Where the occupants confess on wrongful acquisition the Municipality will make them sign the new Deed of Sale and make them pay agreed amount which will not be below the valuation amount or amount agreed by Council.
- * In the meantime, the Municipality will treat these stands as properties under investigation and will put a foot note under the Inventory note.

The results of Investigation will also provide a cue for future approach on this matter.

Inventory pledged as security

No inventories pledged as security during the financial year ending 30 June 2015.

Umjindi Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements for the year ended 30 June 2015

Figures in Rand	2015	2014
10. Other receivables from non-exchange transactions		
Traffic fines	533 540	568 850
VAT refunds	-	5 133 693
	533 540	5 702 543
Traffic fines		
Gross balance	1 067 320	1 100 920
Less : Allowance for impairment	(533 780)	(532 070)
Net balance	533 540	568 850
Reconciliation of provision for impairment of other receivables from non-exchange transactions		
Opening balance	532 070	532 070
Contributions to allowance	533 780	-
	1 065 850	532 070
11. Consumer receivables		
Gross balances		
Rates	24 545 493	22 548 033
Electricity	9 263 098	8 657 857
Water	28 777 608	20 063 166
Sewerage	9 873 628	8 866 537
Refuse	17 546 496	14 618 490
Sundry	16 520 547	15 509 648
	106 526 870	90 263 731
Less: Allowance for impairment		
Rates	(16 843 994)	(19 018 461)
Electricity	(5 866 940)	(5 296 031)
Water	(9 966 903)	(9 607 464)
Sewerage	(5 485 626)	(5 127 397)
Refuse	(7 624 485)	(7 158 417)
Sundry	(15 671 456)	(11 504 344)
	(61 459 404)	(57 712 114)
Net balance		
Rates	7 701 499	3 529 572
Electricity	3 396 158	3 361 826
Water	18 810 705	10 455 702
Sewerage	4 388 002	3 739 140
Refuse	9 922 011	7 460 073
Sundry	849 091	4 005 304
	45 067 466	32 551 617
Included in above is receivables from exchange transactions		
Electricity	3 396 158	3 361 826
Water	18 810 705	10 455 702
Sewerage	4 388 002	3 739 140
Refuse	9 922 011	7 460 073
Sundry	849 091	4 005 304
	37 365 967	29 022 045

Umjindi Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements for the year ended 30 June 2015

Figures in Rand	2015	2014
11. Consumer receivables (continued)		
Included in above is receivables from non-exchange transactions (taxes and transfers)		
Rates	7 701 499	3 529 572
Net balance	45 067 466	32 551 617
Rates		
Current (0 -30 days)	1 149 893	614 869
31 - 60 days	1 095 362	547 001
61 - 90 days	1 059 625	543 005
91 - 120 days	1 312 386	552 359
121 - 365 days	3 084 233	1 272 338
	7 701 499	3 529 572
Electricity		
Current (0 -30 days)	1 137 813	399 171
31 - 60 days	327 230	177 820
61 - 90 days	756 120	196 980
91 - 120 days	456 131	313 483
121 - 365 days	436 996	860 063
> 365 days	281 868	1 414 309
	3 396 158	3 361 826
Water		
Current (0 -30 days)	4 591 987	963 290
31 - 60 days	680 534	783 539
61 - 90 days	996 010	602 367
91 - 120 days	951 149	550 353
121 - 365 days	5 228 045	3 171 392
> 365 days	6 362 980	4 384 761
	18 810 705	10 455 702
Sewerage		
Current (0 -30 days)	259 394	293 631
31 - 60 days	249 004	244 486
61 - 90 days	242 509	257 229
91 - 120 days	220 633	243 722
121 - 365 days	1 571 923	1 551 287
> 365 days	1 844 539	1 148 785
	4 388 002	3 739 140
Refuse		
Current (0 -30 days)	508 733	548 322
31 - 60 days	461 094	453 953
61 - 90 days	458 902	434 846
91 - 120 days	428 312	415 785
121 - 365 days	3 128 661	2 888 834
> 365 days	4 936 309	2 718 333
	9 922 011	7 460 073

Umjindi Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements for the year ended 30 June 2015

Figures in Rand	2015	2014
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11. Consumer receivables (continued)

Sundry

Current (0 -30 days)	382 415	516 140
31 - 60 days	226 410	115 635
61 - 90 days	240 266	117 773
91 - 120 days	-	119 733
121 - 365 days	-	730 973
> 365 days	-	2 405 050
	849 091	4 005 304

Reconciliation of allowance for impairment

Balance at beginning of the year	(57 712 114)	(49 848 640)
Contributions to allowance	(7 115 622)	(12 928 483)
Debt impairment written off against allowance	3 368 332	5 065 009
	(61 459 404)	(57 712 114)

Consumer debtors pledged as security

No consumer debtors were pledged as security.

12. Debt impairment

Allowance for impairment of receivables	7 649 401	13 460 553
Consumer receivables	7 115 621	12 928 483
Traffic fines	533 780	532 070
	7 649 401	13 460 553

13. Financial instruments disclosure

Categories of financial instruments

2015

Financial assets

	At fair value	At amortised cost	Total
Consumer receivables	-	45 067 466	45 067 466
Other receivables from exchange transactions	-	3 484 759	3 484 759
Other receivables from non-exchange transactions	-	533 540	533 540
Cash and cash equivalents	18 830	9 647 724	9 666 554
	18 830	58 733 489	58 752 319

Financial liabilities

	At amortised cost	Total
Long-term liabilities	1 587 206	1 587 206
Short-term portion of long term liabilities	681 608	681 608
Trade and other payables from exchange transactions	54 360 750	54 360 750
Trade and other payables from non - exchange transactions	33 078	33 078
	56 662 642	56 662 642

2014

Umjindi Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements for the year ended 30 June 2015

Figures in Rand	2015	2014
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. Financial instruments disclosure (continued)

Financial assets

	At fair value	At amortised cost	Total
Consumer receivables	-	32 551 617	32 551 617
Receivables from exchange transactions	-	5 259 960	5 259 960
Receivables from non-exchange transactions	-	5 702 543	5 702 543
Cash and cash equivalents	18 830	7 314 580	7 333 410
	18 830	50 828 700	50 847 530

Financial liabilities

	At amortised cost	Total
Long-term liabilities	2 268 814	2 268 814
Short-term portion of long term liabilities	931 830	931 830
Trade and other payables from exchange transactions	59 928 656	59 928 656
Trade and other payables from non - exchange transactions	30 852	30 852
	63 160 152	63 160 152

Umjindi Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements for the year ended 30 June 2015

Figures in Rand	2015	2014
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14. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	18 830	18 830
Short - term deposits	8 274 027	7 153 097
Bank balance	1 373 697	161 483
	9 666 554	7 333 410

For the purpose of the cash flow statement, cash and cash equivalents comprise of the balances as disclosed above.

Cash and cash equivalents pledged as collateral

No cash and cash equivalents of the municipality were pledged as collateral.

The municipality had the following bank accounts

Account number / description	Bank statement balances		Cash book balances	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
First National Bank - Barberton Branch (270152) Account Number (51600026441)	- 1 011 683	34 673	- 1 373 697	313 490
Absa BANK - Call Account - Nelspruit Branch 407 085 2360	- 11 948	12 370	- 11 948	12 370
First National Bank - Barberton Branch (270152)- Account Number (62199275647)	- -	50	- -	50
First National Bank - Barberton Branch (270152) Account Number (62305845995)	- 28 693	4 541 136	- 28 693	4 541 136
First National Bank - Barberton Branch (270152) Account Number (62305846612)	- 4 895 748	2 576 507	- 4 895 748	2 576 507
First National Bank - Barberton Branch (270152) Account Number (62305846935)	- 3 324 828	10 096	- 3 324 828	10 096
First National Bank - Barberton Branch (270152) Account Number (62305847222)	- 12 812	12 989	- 12 812	12 989
First National Bank - Barberton Branch (270152) Account Number (62000772229)	- 134	40	- 134	40
First National Bank - Barberton Branch (270152) Account Number (62000774704)	- 272	133	- 272	133
Total	- 9 286 118	7 187 994	- 9 648 132	7 466 811

Umjindi Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements for the year ended 30 June 2015

Figures in Rand	2015	2014
15. Long and short term liabilities		
At amortised cost		
DBSA Loan L121	704 662	881 157
This loan bears interest at 14.5 % and is repayable in bi-annual installments up to 31 March 2018		
DBSA Infrastructure L122	665 188	779 642
This loan bears interest at 15 % and is repayable in bi-annual installments up 31 March 2019		
DBSA Infrastructure L124	490 996	560 239
This loan bears interest at 16.5 % and is repayable in bi-annual installments up 31 March 2019		
DBSA Loan Elec Ext 13 L25832	-	328 285
This loan bears interest at 10.81 % and is repayable in bi-annual installments up 31 March 2015		
DBSA Elec Loan Rural Electrification L102202	407 968	651 321
This loan bears interest at 9.08 % and is repayable in bi-annual installments up 31 March 2016		
	2 268 814	3 200 644
Total long term liabilities	2 268 814	3 200 644
Non-current liabilities		
Long-term liabilities	-	-
At amortised cost	1 587 206	2 268 814
	1 587 206	2 268 814
Current liabilities		
Short-term portion of long term liabilities	-	-
At amortised cost	681 608	931 830
	681 608	931 830
16. Trade & other payables from exchange transactions		
Trade payables	25 818 554	32 589 734
Staff leave	5 574 522	4 955 954
Pro - rata Bonuses	-	10 630
Accrued trade payables	11 191 922	9 397 979
Consumer receivables paid in advance	4 425 911	6 084 662
Retentions	3 122 164	3 672 768
Other payables	21 704	14 457
Unidentified bank deposits	2 895 048	2 037 140
Prepaid sales (electricity)	1 310 924	1 165 332
	54 360 749	59 928 656
17. Trade & other payable from non-exchange transactions		
Sundry deposits and receipts	33 078	30 852
18. VAT payable		
VAT payable	448 358	2 847 905

VAT is payable on the receipt basis. Only once payment has been received is VAT paid to SARS.

Umjindi Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements for the year ended 30 June 2015

Figures in Rand	2015	2014
19. Consumer deposits		
Electricity & Water	2 733 339	2 660 371
No interest is paid on consumer deposits.		
20. Unspent conditional grants and receipts		
Unspent conditional grants and receipts comprises of:		
Unspent conditional grants and receipts		
Municipal Infrastructure Grant (MIG)	2 459 676	-
Integrated National Electrification Programme (INEP)	3 324 828	-
	5 784 504	-
Movement during the year		
Balance at the beginning of the year	-	5 202 701
Additions during the year	133 503 435	114 911 845
Income recognition during the year	(127 718 931)	(120 114 546)
	5 784 504	-

See note 25 for reconciliation of grants and subsidies from National/Provincial Government.

Umjindi Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements for the year ended 30 June 2015

Figures in Rand	2015	2014
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21. Provisions

Reconciliation of provisions - 2015

	Opening Balance	Additions	Utilised during the year	Change in discount factor	Total
Landfill rehabilitation	9 030 493	-	-	(213 218)	8 817 275
Performance bonuses	901 255	884 054	-	-	1 785 309
Long service award	4 003 000	696 000	(281 000)	-	4 418 000
	13 934 748	1 580 054	(281 000)	(213 218)	15 020 584

Reconciliation of provisions - 2014

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Landfill rehabilitation	8 878 320	152 173	-	-	9 030 493
Performance bonuses	735 593	901 255	-	(735 593)	901 255
Long service award	3 861 000	358 000	(216 000)	-	4 003 000
	13 474 913	1 411 428	(216 000)	(735 593)	13 934 748

Disclosed in the Statement of Financial Position as follows:

Non-current liabilities	13 235 275	13 033 493
Current liabilities	1 785 309	901 255
Total provisions	15 020 584	13 934 748

Landfill site

The landfill rehabilitation provision represents management's best estimate of the municipality's liability. It relates to the current cost estimate involved to rehabilitate the land.

Performance bonus

Performance bonuses accrue to employees, subject to certain conditions. The provision represents management's best estimate of the amount due to staff at the reporting date.

Long service award

Umjindi municipality offers bonuses for every 5 years of completed service from 10 years to 45 years. Employees are entitled/awarded leave days equivalent to the number of years served eg. 10 years of service, one gets 10 days of leave, 15 years one gets 15 days of leave and 20, 25, 30, 35, 40, 45 years one gets 30 days of leave, which can either be taken as leave or to be paid out in cash.

Balance at the beginning of the year	4 003 000	3 861 000
Service costs	407 000	464 000
Interest cost	329 000	272 000
Less bonuses paid	(281 000)	(216 000)
Actuarial (gain) / loss	(40 000)	(378 000)
	4 418 000	4 003 000

Net expense recognised in Statement of Financial Performance

Service costs	407 000	464 000
Interest cost	329 000	272 000
Less bonuses paid	(281 000)	(216 000)
Actuarial (gain) / loss	(40 000)	(378 000)

Umjindi Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements for the year ended 30 June 2015

Figures in Rand	2015	2014
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21. Provisions (continued)

415 000	142 000
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Key assumptions used

Assumptions used at the reporting date:

Discount rates (D)	8.95 %	7.25 %
Consumer price inflation (C) - General inflation	6.61 %	6.25 %
Salary Inflation (S)	7.61 %	7.15 %

22. Employee benefit obligations

Post retirement health care benefit

The amounts recognised in the statement of financial position are as follows:

Balance at the beginning of the year	17 171 000	15 531 000
Service costs	1 079 000	1 172 000
Interest costs	1 597 000	1 109 000
Less benefit paid	(491 000)	(455 000)
Actuarial (gain)/ loss	(133 000)	(186 000)
	19 223 000	17 171 000

Classification post retirement health care benefit liability

Non-current liabilities	12 731 000	11 529 000
Current liabilities	6 492 000	5 642 000

Total post retirement health care benefit	19 223 000	17 171 000
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Net expense recognised in the statement of financial performance

Current service cost	1 079 000	1 172 000
Interest cost	1 597 000	1 109 000
Actuarial (gains) losses	(133 000)	(186 000)
Less benefits paid	(491 000)	(455 000)
	2 052 000	1 640 000

The municipality's post-employment health care liability consists of a commitment to pay portion of the pensioners' post employment medical scheme contributions. This liability is also generated in respect of dependants who are offered continued membership of the medical scheme on the death of the primary member.

These funds are subject to actuarial valuations. The last valuation was performed by an independent actuarial firm, One Pangaea Financial, on 30 June 2015.

Umjindi is committed to pay subsidies broadly as follows:

50% or 60% or 70% to current continuation pensioners and 50% or 60% or 70% in post employment for currently employed staff.

Widow(er)s and orphans of current continuation pensioners are entitled to continue, at 50% or 60% or 70%, the subsidy upon the death of the pensioner.

In-service members (employees)	150	138
Continuation members	14	14
	164	152

Umjindi Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements for the year ended 30 June 2015

Figures in Rand	2015	2014
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22. Employee benefit obligations (continued)

The municipality makes monthly contributions for health care arrangements to the following accredited medical aid schemes:

- Key Health
- Bonitas
- Hosmed
- LA Health
- SAMWUMED

Key assumptions used

Assumptions used at the reporting date:

Discount rates (D)	9.35 %	9.44 %
Consumer price inflation (C) - General inflation	6.90 %	6.97 %
Health care cost inflation	8.40 %	8.47 %
Expected retirement age -female	65	65
Expected retirement age - male	65	65

Defined contribution plan

All Councilors and employees belong to defined contribution retirement funds administered by the National Pension Fund approved by the Bargaining Council. These funds are subject to a triennial actuarial valuation. These valuations indicate that the funds are in a sound position.

The municipality is under no obligation to cover any unfunded benefits.

23. Property rates

Rates received

Residential	15 696 496	15 591 286
Commercial	7 010 983	5 169 992
State	8 889 382	4 549 775
Agriculture (farms)	15 944 679	8 248 500
Institutional	3 679 240	2 428 053
Rates rebate	(28 488 587)	(13 681 266)
	22 732 193	22 306 340

Valuations

Residential	2 007 575 803	1 962 747 903
Commercial	417 789 600	323 011 600
State	544 343 900	568 721 900
Agriculture (farms)	997 508 500	1 030 978 500
	3 967 217 803	3 885 459 903

Valuations on land and buildings are performed every 4 years. The last general valuation came into effect on 1 July 2013. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

Umjindi Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements for the year ended 30 June 2015

Figures in Rand	2015	2014
24. Service charges		
Sale of electricity	70 633 368	65 908 127
Sale of water	27 601 652	21 035 902
Sewerage and sanitation charges	5 713 798	5 582 320
Refuse removal	12 709 005	11 563 132
	116 657 823	104 089 481

25. Government grants and subsidies

Operating grants

Equitable Share	58 318 000	47 931 000
Financial Management Grant (FMG)	1 600 000	1 550 000
Municipal Systems Improvement Grant (MSIG)	934 000	890 000
Expanded Public works Incentive Grant (EPWP)	1 795 000	1 293 510
Disaster Relief Grant (DRG)	14 732 435	752 509
	77 379 435	52 417 019

Capital grants

Municipal Infrastructure Grant (MIG)	27 364 323	32 501 451
Integrated National Electrification Program (INEP)	1 975 172	18 000 000
Municipal Water Infrastructure Grant (MWIG)	21 000 000	17 196 076
	50 339 495	67 697 527
	127 718 930	120 114 546

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services:

All residential consumers: water (6KL)
Indigent community members: electricity (50Kwh)

All registered (approved) indigent community members are also being subsidised on solid waste removal and sanitation. All registered (approved) indigent community members receive 100% subsidy on Property Tax.

The equitable share (portion as gazetted) is also being used to subsidise the remuneration of councilors. No funds were withheld.

Municipal Infrastructure Grant (MIG)

Balance unspent at beginning of year	-	4 450 192
Current-year receipts	29 824 000	28 051 259
Conditions met - transferred to revenue	(27 364 324)	(32 501 451)
	2 459 676	-

This grant is utilised for the rehabilitation of sewer line at Ext 11 & Ext 9 to Barberton WWTW, upgrade bulk line from Graveville to Ext 10b, construction of road with paving at Verulam, resurfacing hospital link line.

Finance Management Grant (FMG)

Current-year receipts	1 600 000	1 550 000
Conditions met - transferred to revenue	(1 600 000)	(1 550 000)
	-	-

Unspent at the end of the year

This grant is utilised for the minimum competency training for 5 interns and 3 officials and remuneration of 5 interns. assistance with the compilation and review of annual financial statements.

Umjindi Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements for the year ended 30 June 2015

Figures in Rand	2015	2014
25. Government grants and subsidies (continued)		
Integrated National Electrification Program (INEP)		
Current-year receipts	5 300 000	18 000 000
Conditions met - transferred to revenue	(1 975 172)	(18 000 000)
Unspent at the end of the year	3 324 828	-
This grant is utilised for the electrification of Msholozzi (1321 households).		
Municipal Water Infrastructure Grant (MWIG)		
Current-year receipts	21 000 000	17 196 000
Conditions met - transferred to revenue	(21 000 000)	(17 196 000)
Unspent at the end of the year	-	-
This grant is utilised for the upgrading and refurbishment of Lomati dam, and Emjindini Trust, Sheba siding, Kamadakwandlovu, bulk pipeline & water reticulation and Water provision to farm dwellers and rural areas.		
Municipal Systems Improvement Grant (MSIG)		
Current-year receipts	934 000	890 000
Conditions met - transferred to revenue	(934 000)	(890 000)
Unspent at the end of the year	-	-
This grant is used for development of by-laws and compilation of credible asset register (GRAP 17 asset register).		
Expanded Public Works Incentive Grant (EPWP)		
Current-year receipts	1 795 000	1 286 000
Conditions met - transferred to revenue	(1 795 000)	(1 286 000)
Unspent at the end of the year	-	-
This grant is used on programmes aimed at providing property and income relief through temporary work for the unemployed.		
Disaster relief grant (DRG)		
Balance unspent at beginning of year	-	752 509
Current-year receipts	14 732 435	-
Conditions met - transferred to revenue	(14 732 435)	(752 509)
Unspent at the end of the year	-	-
This grant is used for the disaster (storm) damages and replacement of damage buildings.		

Umjindi Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements for the year ended 30 June 2015

Figures in Rand	2015	2014
26. Other income		
BOBS	119 399	134 102
Penalty on Contract Payment	99 000	132 500
Connections	1 616 858	1 104 986
Reconnection	13 298	2 880
Insurance Claims	46 438	661 783
Photo Copies	26 433	25 621
Plan Approval	102 954	107 775
SETA income	118 305	291 915
Cash Surplus	73 061	72 407
Swimming pool fees	63 906	30 908
Applications and tender fees	187 120	270 820
Burial fees	177 805	186 427
Metre tempering	412 686	353 933
Library Fines	179	284
Telephone income	482 912	551 238
Administrative fee	971 987	101 190
Sundry income	39 726	152 611
	4 552 067	4 181 380
27. General expenses		
Advertising	122 339	142 835
Auditors remuneration	2 944 172	3 515 173
Bank charges	210 482	557 323
Traffic fines written off	25 500	59 325
Commission paid	2 319 936	-
Stock shortages written off	-	45 949
Consulting and professional fees	264 415	255 815
LG seta interns	63 375	42 000
Entertainment	3 535	11 550
Municipal System Improvements Grant (MSIG)	828 935	795 323
Finance Management Grant (FMG)	1 237 674	1 550 308
Magazines, books and periodicals	31	123
Fuel	2 381 804	2 884 090
Postage and courier	5 504	12 736
Printing and stationery	421 113	404 200
Subscription and membership fees	210 546	866 259
Telephone and fax	1 949 485	1 950 761
Training	59 427	68 975
Skills development	673 668	623 868
Departmental charges	3 442 453	3 149 301
Other expenses	1 497 485	2 375 041
Expanded Public Works Incentive Grant (EPWP)	1 845 541	1 161 687
Administration costs	1 219 613	1 855 027
Travel and accommodation	863 774	613 776
Town planning	10 553	35 400
Connections - electricity	1 011 188	945 753
Chemicals	644 713	325 053
Ward committee	505 500	507 300
	24 762 761	24 754 951

Umjindi Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements for the year ended 30 June 2015

Figures in Rand	2015	2014
28. Employee related costs		
Basic	41 430 634	39 860 413
Annual bonuses	3 007 626	2 917 243
Contributions to medical aid	3 143 766	2 788 449
Unemployment Insurance Fund	434 455	428 907
Workmen's Compensation	-	769 443
Travel allowances	2 845 619	2 458 485
Overtime payments	7 156 859	6 542 050
Stand by allowances	1 346 306	545 102
Protective clothing	499 051	373 630
Contributions to provisions	6 615 845	4 775 133
Housing allowance	215 270	199 121
Acting allowances	177 831	435 000
Contributions to pension fund	7 830 995	7 383 478
Contribution to group pension fund	638 046	596 866
	75 342 303	70 073 320
Remuneration of Municipal Manager - DP Msibi		
Annual Remuneration	826 224	752 771
Travel Allowance	431 482	405 338
	1 257 706	1 158 109
Remuneration of Chief Financial Officer - TP Mpele		
Annual Remuneration	779 711	713 259
Travel Allowance	253 088	237 753
Acting allowance	10 796	-
	1 043 595	951 012
Remuneration of Director Electrical Services - AWJ Landsberg		
Annual Remuneration	755 203	615 226
Travel Allowance	277 599	335 796
Acting allowance	215 166	-
	1 247 968	951 022
Remuneration of Director Community Services - C Makhanya		
Annual Remuneration	779 711	713 259
Travel Allowance	253 088	237 753
	1 032 799	951 012
Corporate and human resources (corporate services) - Dr D Ndlovu		
Annual Remuneration	779 711	713 259
Travel Allowance	253 088	237 753
Acting allowance	26 962	4 142
	1 059 761	955 154

Umjindi Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements for the year ended 30 June 2015

Figures in Rand	2015	2014
28. Employee related costs (continued)		
Remuneration of Director Civil		
Acting allowance	-	284 796
Remuneration of Director Administration - J Badenhorst		
Annual Remuneration	779 711	713 259
Travel allowance	253 088	237 753
Acting allowance	3 599	10 769
	1 036 398	961 781
29. Remuneration of Councillors		
Executive Mayor	718 495	677 825
Mayoral Committee Members	1 615 774	1 646 150
Speaker	574 796	542 262
Part-time councillors	2 544 223	2 427 943
Councillors' pension contribution	287 176	280 373
	5 740 464	5 574 553

The salaries, allowances and benefits of Councilors as disclosed in note 29 of these annual financial statements, are within the upper limits of the framework envisaged in section 219 of the constitution, read with the Remuneration of Public Officer Bearers Act no 20 of 1998 and the Minister of Provincial and Local Government's determination in accordance with this Act.

Umjindi Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements for the year ended 30 June 2015

Figures in Rand	2015	2014
29. Remuneration of Councillors (continued)		
In-kind benefits		
The Executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and share secretarial support at the cost of the Council.		
The Executive Mayor has use of a Council owned vehicle for official duties, full-time driver and has full-time security guards at his own residence, at the cost of the Council.		
Executive Mayor - LV Mashaba		
Annual Remuneration	470 326	438 938
Travel allowance	171 151	164 749
Contributions to Pension Funds	77 018	74 137
	718 495	677 824
Speaker - PV Mkhathshwa		
Annual Remuneration	376 261	351 203
Travel Allowance	136 921	131 800
Contributions to Pension Funds	61 614	59 260
	574 796	542 263
Chief Whip / MMC Technical Services - ME Nsimbini		
Annual Remuneration	410 509	505 848
Travel Allowance	128 364	123 562
	538 873	629 410
MMC Finance & Admin - NE Mkhabela		
Annual Remuneration	352 745	329 205
Travel Allowance	128 364	123 562
Contributions to Pension Funds	57 343	55 603
	538 452	508 370
MMC Transversal - MJ Hlophe		
Annual Remuneration	352 745	329 205
Travel Allowance	128 364	123 562
Contributions to Pension Funds	57 343	55 603
	538 452	508 370
Part-time coucillors		
Annual Remuneration	1 870 658	1 771 416
Travel allowance	673 565	656 527
Contributions to Pension Funds	287 176	280 373
	2 831 399	2 708 316
30. Interest received - external investments		
Interest revenue		
Bank	1 094 294	509 136

Umjindi Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements for the year ended 30 June 2015

Figures in Rand	2015	2014
31. Fair value adjustments		
Investment property	(5 254 800)	3 426 900
Property, plant and equipment	71 428	-
	(5 183 372)	3 426 900
32. Depreciation and amortisation		
Property, plant and equipment	27 159 523	26 144 107
Intangible assets	47 564	80 540
	27 207 087	26 224 647
33. Impairment of assets		
Impairments		
Property, plant and equipment	34 376	-
Assets that were physically damaged and decommissioned during the current financial year.		
34. Finance costs		
Trade and other payables	2 447 766	533 269
Finance leases	-	2 659
Current borrowings	536 287	616 475
	2 984 053	1 152 403
35. Transfers and subsidies paid		
Indigent subsidy	2 845 528	4 873 232
Free basic water	3 926 462	-
	6 771 990	4 873 232
36. Contracted services		
Information Technology Services	1 052 790	747 546
Fleet Services	4 600 937	4 887 634
Operating Leases	1 495 953	1 653 751
Security services	2 388 767	2 077 713
Insurance & valuation costs	2 123 887	1 575 957
	11 662 334	10 942 601
37. Material and bulk purchases		
Electricity	69 052 191	62 856 670

Umjindi Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements for the year ended 30 June 2015

Figures in Rand	2015	2014
38. Net cash flows from operating activities		
Surplus	47 893 832	37 793 436
Adjustments for:		
Depreciation and amortisation	27 207 087	26 224 647
Loss on sale of assets	5 261	643 656
Public contributions and donations	(10 095 201)	(2 734 625)
Fair value adjustments	5 183 372	(3 426 900)
Finance costs - Finance leases	-	2 659
Impairment of assets	34 376	-
Contributions to allowance for impairment of debtors	7 649 401	13 460 553
Movements in retirement benefit assets and liabilities	2 052 000	1 640 000
Movements in provisions	1 085 836	1 195 428
Changes in working capital:		
Inventories	(1 195 132)	2 279 573
Other receivables from exchange transactions	1 775 201	(1 251 202)
Consumer receivables	(20 165 250)	(20 159 820)
Other receivables from non-exchange transactions	5 169 003	(5 087 093)
Trade & other payables from exchange transactions	(5 567 906)	18 240 121
VAT	(2 399 547)	(366 191)
Trade & other payable from non exchange transactions	2 226	10 218
Unspent conditional grants and receipts	5 784 504	(5 202 701)
Consumer deposits	72 968	95 517
	64 492 031	63 357 276

39. Contingencies

Contingent liability

NICS has filed a case at high court regarding the amount of R 772 121.00 owed to them. The municipality dispute the amount and evidence is available that substantiate the possible reduction of the amount. The amount to be paid cannot be reliably measured.

Umjindi Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements for the year ended 30 June 2015

Figures in Rand	2015	2014
40. Commitments		
Commitments in respect of capital expenditure		
Approved and contracted for		
• Infrastructure	84 165 003	6 884 260
The expenditure will be financed from		
• Government grant / counter funding	84 165 003	6 884 260
Commitments in respect of operating expenditure		
Approved		
• Operating expenditure	944 091	3 433 459
Operating leases - as lessee		
Minimum lease payments due		
- within one year	1 054 053	2 532 796
- in second to fifth year inclusive	-	1 054 053
- later than five years	-	-
	1 054 053	3 586 849

The municipality as a lessee

Operating leases relate to motor vehicles, office equipment and yellow equipment with lease terms of between one to five years. The municipality does not have an option to purchase the leased asset at the expiry date.

41. Related parties

Relationships

Umjindi Local Economic Development Agency (UMLEDA)
The Umjindi Local Economic Development Agency (UMLEDA) was incorporated on the 30th of October 2008. The Umjindi Local Municipality Council resolved to report all agency related pre-incorporation financial transactions for the first time at 30 June 2009.

Controlling entity

Authorised shares

Issued shares

Umjindi local municipality holds 100 % of issued shares.

Umjindi Local Municipality

1000 @R1

100 @R1

Compensations to key management is disclosed on note 28 and 29.

Related party balances

Loan accounts - Owing (to) by related parties

Umjindi Local Economic Development Agency (UMLEDA)	74 000	100 000
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Umjindi Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements for the year ended 30 June 2015

Figures in Rand	2015	2014
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42. Correction of prior period errors

Other receivables from non-exchange transactions

VAT payment for prior periods as a result of the VAT review conducted during the financial year 2014/2015 to the value of R 5 133 693.00.

Trade and other payables

During the previous financial years invoices were paid and other were cancelled, but they remained in the age analysis. to the value of R 976 474

Additional assessment after VAT audit for 2011/12, 2012/13 & 2013/14 Financial years, to the the value of R 4 849 832.51
Pro-rata was was overstated, to the amount of R 2 126.00

Property, plant and equipment

Payments on infrastructure projects and other assets were erroneously omitted from 2013/14 WIP additions to the value of R 1429 149

Land fill site provision was not capitalised at initial recognition, to the value of R 8 434 404.00

Land and building and community assets was incorrectly classify under investment properties, to the value of R 3 874 529

Other assets were incorrectly expensed in the previous financial years, to the value of R 45 189.00

Land and buildings privately owned was incorrectly recorded under PPE of the municipality, to the value of R 163 105.00

Reversal of other assets with a negative carrying amount, to the value of R 1 929.81

Impairment of community assets that were physically damage in the previous financial year, to the value of R 450 000.00

Derecognition of other assets that were auctioned in the previous years, to the value of R 3126.00

Derecognition of other assets that were stolen in the previous year, to the value of R 6 290.65

Other receivables from exchange transactions

Money collected by third party vendors was incorrectly recorded to other receivables to the value of R 1 628 786.

Inventory

Land that was registered in the name of private individual and allocated to RDP beneficiaries was incorrectly recorded in the inventory register to the value of R 168 457 000.

Provision for impairment

Provision for bad debts with regards to traffic fines was not provided for with an amount of R 532 070.00

Provisions

Accumulated provision for performance bonus was reduced to only current year due to none evaluation of section 56 & 57 managers in the previous year, with the value of R 735 593.00

Investment Properties

Properties that are incorrectly classified as investment properties, with the value of R 76 509 875.00

The correction of the error(s) results in adjustments as follows:

Umjindi Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements for the year ended 30 June 2015

Figures in Rand	2015	2014
42. Correction of prior period errors (continued)		
During the current reporting period the municipality discovered transactions which related to the previous financial year - relating to the following:		
Increase in other receivables from non-exchange transactions (VAT)	-	5 133 693
Increase in trade and other payables from exchange & non-exchange transactions	-	976 474
Decrease in other receivables from exchange transactions	-	(1 628 786)
Increase in Infrastructure: WIP	-	1 429 149
Increase in other receivables from non-exchange transactions (Traffic fines)	-	532 070
Increase in provision for impairment (traffic fines)	-	(532 070)
Decrease in VAT payable	-	(4 849 833)
Increase in property, plant and equipment - Land fill site	-	8 878 320
Increase in property, plant and equipment - Land fill site	-	(443 916)
Decrease in investment properties	-	(8 304 585)
Increase in buildings	-	7 489 585
Increase in land	-	238 000
Increase in community assets	-	450 000
Increase in accumulated depreciation - buildings	-	(3 747 529)
Increase in property, plant and equipment - ther assets	-	93 000
Increase in accumulated depreciation - other assets	-	(47 811)
Decrease in land, buildings and security measures	-	(399 120)
Decrease in accumulated depreciation - buildings	-	236 015
Decrease in accumulated depreciation - other assets	-	1 930
Increase in investment properties	-	4 270 000
Decrease in inventories - land held for sale	-	(168 457 000)
Increase in impairment of assets - community assets	-	(450 000)
Decrease in provision - pro-rata bonus	-	2 126
Decrease in property, plant and equipment - other assets	-	(244 424)
Decrease in accumulated depreciation - other assets	-	232 482
Decrease in proviosions - performance bonus	-	735 593
Decrease in investment properties	-	(2 001 000)
Net effect on the opening balance of the accumulated surplus or deficit	-	(160 407 637)
 Net effect on the opening balance of the accumulated surplus or deficit	-	(160 407 637)
Decrease in general expenses - payment with regards to construction of mobile hailers was not capitalised to WIP	-	(13 236)
Increase in Depreciation and amortisation- Landfill site	-	446 443
Increase in disposal of assets - derecognition of assets that were auctioned in the previous year	-	3 126
Increase in provision for impairment - Traffic fines	-	532 070
Net effect on Statement of Financial Position	-	(159 439 234)
 The reported surplus for the previous year has been adjusted by the following errors:	-	38 761 839
During the current reporting period the municipality discovered transactions which related to the previous financial year - relating to the following:		
Decrease in general expenses - payment with regards to construction of mobile hailers was not capitalised to WIP	-	13 236
Increase in Depreciation and amortisation- Landfill site	-	(446 443)
Increase in disposal of assets - derecognition of assets that were auctioned in the previous year	-	(3 126)
Increase in provision for impairment - Traffic fines	-	(532 070)
Restated surplus or deficit for the year	-	37 793 436

Umjindi Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements for the year ended 30 June 2015

Figures in Rand	2015	2014
42. Correction of prior period errors (continued)		
Opening accumulated surplus	-	962 573 663
The opening accumulated surplus has been adjusted with the following previous years accounting errors:		
Prior year adjustments	-	(159 439 234)
Restated balance	-	803 134 429

43. Comparative figures

Certain comparative figures have been reclassified to ensure fair presentation.

Long service awards were reclassified from general expenses (other expenses) to Employee related costs (contributions to provisions).

Leave provision, performance bonus and post retirement benefit were reclassified from general expenses (contributions to provisions) to employee related costs (contributions to provision).

Grants and subsidies were reclassified from general expenses to its own line items in the face of Financial Performance.

Contracted services were reclassified from general expenses to its own line items in the face of Financial Performance.

Income from agency services were reclassified from licences and permits to its own line item in the face of statement of financial performance.

Traffic fines were reclassified from receivables from exchange transactions to receivable from non-exchange transaction in the face of statement of financial position.

Sundry deposits and receipts were reclassified from Trade and other payables from exchange transactions to Trade and other payables from non - exchange transactions as it relates to non - exchange transactions.

Employee benefit obligation were reclassified to show the current portion in the face of statement of financial position.

Additions on PPE through public contributions and donations were reclassified to its column in the face of reconciliation of PPE note.

Property rates and Other income were reclassified from sale of goods and services to its own line item in the face of statement of cashflows.

Deposits - Eskom were reclassified from current assets (other receivables from exchange transactions to non - current assets).

Chemicals were reclassified from repairs & maintenance to its own line item under general expenses - chemicals

The effects of the reclassification are as follows:

Statement of financial position

Decrease in other receivables from exchange transactions	-	(568 850)
Increase in other receivables from non-exchange transactions	-	568 850
Decrease in trade and other payables from exchange transactions	-	(30 852)
Increase in trade and other payables from non - exchange transactions	-	30 852
Decrease in employee benefit obligation - non - current	-	(5 642 000)
Increase in employee benefit obligation - current portion	-	5 642 000
Decrease in property, plant and equipment - Additions	-	(2 734 625)
Increase in property, plant and equipment - public contributions and donations	-	2 734 625
Decrease in other receivables from exchange transactions	-	(3 023 000)
Increase in non - current assets	-	3 023 000

Umjindi Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements for the year ended 30 June 2015

Figures in Rand	2015	2014
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43. Comparative figures (continued)

Statement of Financial Performance

Decrease in general expenses	-	20 590 966
Increase in grants and subsidies paid	-	4 873 232
Increase in employee related costs	-	4 775 133
Increase in contracted services	-	10 942 601
Decrease in Licences and permits	-	(1 192 849)
Increase in income from agency services	-	1 192 849
Decrease in repairs & maintenance	-	(29 909)
increase in general expenses - chemicals	-	29 909

Cash flow statement

Decrease sale of goods and services	-	(30 041 613)
Increase in Property rates	-	23 741 373
Increase in other receipts	-	6 300 240

44. Risk management

Capital risk management

The municipality's objectives when managing capital are to safeguard the municipality's ability to continue as a going concern in order to provide returns for member and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the municipality consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in notes , 15, cash and cash equivalents disclosed in note14, and net assets as disclosed in the statement of financial position.

There are no externally imposed capital requirements.

There have been no changes to what the municipality manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

The gearing ratio at 2015 and 2014 respectively were as follows:

Total borrowings

Long term liabilities	15	2 268 814	3 200 644
Less: Cash and cash equivalents	14	9 666 554	7 333 410
Net debt		(7 397 740)	(4 132 766)
Total equity		888 821 703	840 927 865
Total capital		881 423 963	836 795 099

Umjindi Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements for the year ended 30 June 2015

Figures in Rand	2015	2014
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44. Risk management (continued)

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Maturity analysis

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding - through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, municipality treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cashflows are substantially independent of changes in market interest rate.

Umjindi Local Municipality

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Figures in Rand	2015	2014
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44. Risk management (continued)

Credit risk

Credit Risk refers to the risk that a counterpart will default on its contractual obligations resulting in financial loss to the Municipality. The Municipality has sound credit control and debt collection policy and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Municipality uses other publicly available financial information and its own trading records to assess its major customers. The Municipality's exposure of its counterparties are monitored regularly.

Potential concentrations of credit risk consists mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

Investments / Cash and Cash Equivalents

The Municipality limits its counterpart exposures from its short-term investments (Financial assets that are neither pass, due nor impaired) by only dealing with well-established financial institutions short-term credit rating of BBB and long term credit rating of AA and higher at an international accredited credit rating agency. The Municipality's exposure is continuously monitored and the aggregate value of transactions concluded is spread amongst different types of approved investments and institutions, in accordance with its investment policy. Consequently the municipality does not consider there to be any significant exposure to credit risk.

Trade and other receivables

Trade and other receivables are amounts owing by consumers and are presented net of impairment losses. The Municipality has a Credit Risk Policy in place, and the exposure to credit risk is monitored on an ongoing basis. The Municipality is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services without recourse to an assessment of creditworthiness, subsequently the Municipality has no control over the approval of new customers who acquire properties in the designated municipal area and consequently incur rates, water and electricity debts.

The Municipality limits the risk exposure in the following ways, in addition to its normal credit control and debt management procedures:

- Through the application of Section 118 (3) of the Municipal Systems Act (MSA) which permits the Municipality to refuse connection of services whilst any amount remains outstanding from a previous debtor on the same property.
- A new owner is advised, prior to the issue of a revenue clearance certificate that any debt remaining from the previous owner will be transferred to the new owner, if the previous owner does not settle the outstanding amount.
- Through the consolidation of rates and service accounts, thereby disconnecting services for the non-payment of any of the individual debts, in terms of Section 102 of the MSA.
- Through the requirement of a deposit for new service connections, serving as guarantee.
- Through encouraging residents to install water management devices that control water flow to households, and/or prepaid electricity meters.

There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The municipality's maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position without taking into account the value of any collateral obtained. The municipality has no significant concentration of credit risk, with exposure spread over a large number of consumers and is not concentrated in any particular sector or geographical area.

The municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables.

Payment of accounts of consumer debtors who are unable to pay are renegotiated as an ongoing customer relationship in response to an adverse change in the circumstances of the customer.

Long Term receivables and Other Debtors are individually evaluated annually at reporting date for impairment or discounting a report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting.

Except as detailed in the following table, the carrying amount of financial assets recorded in the annual financial statements

Umjindi Local Municipality

Annual Financial Statements for the year ended 30 June 2015

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Figures in Rand	2015	2014
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44. Risk management (continued)

which is net of impairment losses, represents the Municipality's maximum exposure to credit risk without taking into account the value of any collateral obtained.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument		
Consumer receivables	45 067 466	32 551 617
Other receivables form exchange transactions	3 484 759	5 259 960
Other receivables form non-exchange transactions	533 540	5 702 543
Cash and cash equivalents	9 666 554	7 333 410

45. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

46. Events after the reporting date

The Municipal Demarcation Board has re-determined the municipal boundaries of Umjindi Local Municipality and Mbombela Local Municipality by amalgamating the municipal areas and determined the municipal boundaries of the category B municipal area in terms of Section 21 of the Local government : Municipal Demarcation Act of 1998.

47. Unauthorised expenditure

Opening balance	8 143 808	6 668 709
Unauthorised expenditure-current year	12 744 466	1 475 099
Amount condoned	(12 744 466)	-
Less: Amounts recoverable (not condoned)	-	-
Less: Amounts not recoverable (not condoned)	-	-
	8 143 808	8 143 808

	Proceedings	
Overspending on the operating expenditure budget		12 744 466
Council has approved and condonement of the overspending on the operating approved expenditure budget at its meeting held 18 August 2015 (item no FA 57)	condoned by council	(12 744 466)
		-

48. Fruitless and wasteful expenditure

Opening balance	416 010	316 636
Fruitless and wasteful expenditure - current year	2 447 766	533 269
Amount condoned	-	(433 895)
Less: Amounts recoverable (not condoned)	-	-
Less: Amounts not recoverable (not condoned)	-	-
	2 863 776	416 010

The fruitless and wasteful expenditure was as a results of late payment of accounts. Non adherence of 30 days.

Umjindi Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements for the year ended 30 June 2015

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49. Irregular expenditure		
Opening balance	42 806 589	18 566 550
Add: Irregular Expenditure - current year	28 524 393	24 240 039
Less: Amounts condoned	-	-
Less: Amounts recoverable (not condoned)	-	-
Less: Amounts not recoverable (not condoned)	-	-
	71 330 982	42 806 589

Acting allowances (R 86 067.00) in excess of the three months was paid out to the Acting Director Civil Services, and non-compliance with the SCM regulations. Inability to have two senior SCM manager due to the size of the municipality, has cause irregular expenditure of R 10 299 123.00. The Disaster Relief project (R 13 789 917.78) where the implementation is immediately when funds made available by National CoGTA, however the municipality advertised for seven (period shorter than 21 days) which is consistence with National Treasury regulation. Irregular of R 3 935 235.61 was due to non-compliance on the side of implementing agent of which the municipality did not have control.

Investigation will be conducted during the year 2015/2016, and reports will be finalised before the next financial year.

50. Additional disclosure in terms of Municipal Finance Management Act

Contributions to SALGA

Current year expense	743 430	594 252
Amount paid	(743 430)	(594 252)
	-	-

Audit fees

Amount paid - current year	(2 944 172)	(3 515 173)
Current year expense	2 944 172	3 515 173
	-	-

PAYE and UIF

Current year payroll deduction: PAYE	10 580 509	9 208 080
Current year payroll deduction: UIF	892 758	884 744
Amount paid - current year: PAYE	(10 580 509)	(9 208 080)
Amount paid - current year: UIF	(892 758)	(884 744)
	-	-

Pension and medical aid deductions

Current year payroll deduction: Pension	12 502 967	11 799 484
Current year payroll deduction: Medical aid	5 733 467	5 108 067
Amount paid - current year: Pension	(12 502 967)	(11 799 484)
Amount paid - current year: Medical aid	(5 733 467)	(5 108 067)
	-	-

Umjindi Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements for the year ended 30 June 2015

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50. Additional disclosure in terms of Municipal Finance Management Act (continued)

Councillors' and officials arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2015:

30 June 2015	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Councillor P V Mkhathswa	1 120	1 473	2 593
Councillor E N Gecelo	2 249	5 630	7 879
Councillor T R Manyisa	475	-	475
Councillor S Mabuza	1 639	3 274	4 913
Councillor M E Jacobs	995	-	995
Councillor L G Mnisi	610	-	610
Mashaba LV	1 012	-	1 012
Chibi DT	653	8 147	8 800
	8 753	18 524	27 277

30 June 2014	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Councillor LV Mashaba	833	-	833
Councillor PV Mkhathswa	614	-	614
Councillor MJ Hlophe	132	-	132
Councillor N Gecelo	3 299	6 780	10 079
Councillor TR Manyisa	1 061	-	1 061
Councillor AZ Mthunywa	381	-	381
Councillor S Mabuza	2 349	4 391	6 740
Councillor ME Jacobs	1 183	-	1 183
Councillor LG Mnisi	1 116	320	1 436
	10 968	11 491	22 459

Distribution losses in terms of MFMA 125(2)(d)(i)

Material losses incurred during the year under review were as follows:

Electricity

Units purchased	92 455 391	92 734 272
Units sold	62 480 901	62 952 801
Loss by distribution	29 974 490	29 781 471
% loss	32.42	32.11

Water

Kilolitre purified	3 486 785	4 002 656
Kilolitre sold	2 973 908	2 929 480
Loss by distribution	512 877	1 073 176
% loss	14.71	26.81

Umjindi Local Municipality

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Notes to the Annual Financial Statements for the year ended 30 June 2015

Figures in Rand	2015	2014
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51. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

The reason for these deviations were documented and reported to the accounting officer who considered them and subsequently approved the deviation from the normal supply chain management regulations.

The deviation details are as follows:

Name	Reason for deviation	Amount
Barberton post office	Sole provider	46 560
The joint U joint & CV joint centre	Stripe & quote	2 202
BBS Pump & Vales	Stripe & quote	33 825
Above and beyond trading	emergency case	386 190
Government printing works	Advertisement by the service provider is gazetted by National Treasury	32 673
Automotor traffic signal Co	Sole provider	9 932
Tankman septic services	Emergency case	91 861
Workshop electronics	Only one quote received	12 749
Labserve analytical services	Sole provider	100 369
SGD project & trading	One quote received	24 655
Circuit water engineering equipment	Only one quote received	5 804
Fleet street publication (PTY) LTD	Sole provider	7 727
Burne enterprise & engineering	Stripe & quote	12 840
Improchem water energy & air solution	Emergency case	7 144
Landis+Gys (PTY) LTD	Sole provider	195 624
Baytech fire cc	2 quotations received	6 334
Spark & ellis	2 quotations received	45 242
Riverside instant lawn	2 quotations received	3 500
Barberton meal supply	Only one quotations received	23 934
N Khoza land surveyors (PTY) LTD	Emergency case	3 420
Wadeview	Sole provider	18 415
Lafarge industries SA	Sole provider	2 802
Sturgeons hardware & building supplies	Emergency case	13 598
Coastal hire	Emergency case	1 205
Macbeth attorneys	Emergency case	249 970
KCS sinage	Emergency case	2 620
Barberton post office	Sole provider	46 500
Mandlakazi	Emergency case	60 932
Electro Systems	Only one quotation received	12 362
Nkunkela	Emergency case	19 043
OHS Care	Sole provider	34 432
Turner Morris	Sole provider	9 313
Westvaal	Leased vehicles from Westvaal	29 868
Above and Beyond	Least Truck Broken	219 769
Above and Beyond	Leased Truck Broken	201 096
Labserve Analytical	Sole Provider	150 554
Westvaal	Strip and Quote	7 025
Conway	3 Quotes obtained and one was too expensive and the other could not compare to product in use	61 435
De Kaap Electrical	Acredited Service Provider Stripp and Quote	12 505
Westvaal	Sole supplier Strip and quote	3 160
Marce Fire Fighting	Quotation was lower and equipment tested and proven to be of better quality.	40 037

Umjindi Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements for the year ended 30 June 2015

Figures in Rand	2015	2014
51. Deviation from supply chain management regulations (continued)		
Lymae Specialists in protective clothing and product is of same quality with those currently used		43 616
De Kaap Electrical Accredited Service Provider Strip and Quote		14 053
Cooper Eagles Sole Provider		9 220
SA Post Office Sole Provider of stamps and postage services		8 073
Above and Beyond Leased Truck Broken		165 186
Turner Morris Accredited Service Provider to service and repair compactor		1 181
Barberton Meal Supplies Quotations were sourced but suppliers refused to quote and requested upfront payment		23 804
De Kaap Electrical Accredited Service Provider of the equipment		3 861
Buscor Only Service Provider in Mpumalanga with reasonable prices		7 229
Nashua Other providers want upfront payment		38 703
Barry Theron Supplier of the UPS		2 166
Icon Technologies Designed and installed Umjindi's PLC System		10 000
Above and Beyond Leased Truck Broken		224 796
Landis & Gyr Manufacturers of Landis split meters		195 624
Post Office Sole Provider of stamps and postage services		33 950
Above and Beyond Leased Truck Broken		290 153
Barberton Meal Supplies Only Service Provider willing to give credit to the Municipality		11 392
S&J Fitment Centre Accredited Service Provider of the Crane Truck		4 501
De Kaap Electrical Only one pump left to pump water for us to acquire quotes it has to be a strip and quote		1 772
Kgolo Institute Only two Service Providers responded		574 560
Minuteman Press Printing Clearance Certificate Books is currently done by Barprint		1 710
Payday Currently using Payday as our Payroll System		212 353
PWC Sole supplier of baud system and retaining of institutional memory		875 553
		5 002 682

52. Disclosure on arrears by Government

Department of environmental affairs & education

Arrear	19 447	-
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Department of Education

Arrear	197 531	150 637
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Department of Public Works

Arrear	5 492 117	728 029
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Department of Arts and Culture

Arrear	15 126	89 510
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Department of Health

Arrear	318 511	339 459
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Umjindi Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements for the year ended 30 June 2015

Figures in Rand	2015	2014
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53. Budget differences

Differences between budget and actual amounts

Umjindi Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements for the year ended 30 June 2015

Figures in Rand	2015	2014
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53. Budget differences (continued)

REVENUE

53.1 Service charges

Non - collection of 100% of revenue on service charges remains a mammoth task due to many factors, socio-economic conditions, electricity and water theft, and this can be attributed to the 8.2% under collection.

53.2 Rental of facilities

This depended on the need from external people to hire the municipal facilities like halls and other buildings, it is always very difficult to estimate the need for such.

53.3 Interest receivables - outstanding receivables

There is a direct relationship between increase on the Municipal's Debtors Book and Interest receivable, and the Budget was conservative due to appointment of Service Provider but the results showed different indication.

53.4 Income from Agency Services

The 19.7% more on the Agency Fee is due to the increase in the number of Registrations on vehicles and licences.

53.5 Licence and Permits

The decrease on the licenses and permits solely depend on the the demand for permits and licenses in this particular year

53.6 Other Income

The overall increase of other income can be attributable to many sources of revenue listed. Other revenues dropped and others increased , like connections and administrative fees increased and insurance claims decreased.

53.7 Interest received - external investment

Delayed spending on implementation of Municipal Infrastructure Grant and Municipal Water Infrastructure Grant made the municipality to earn interest at the bank.

53.8 Property rates

The R 17 000 000 Budget initially excluded the Property Rates on all stands that were in Umjindi Municipality's name and Management made a decision to charge them irrespective of the Transfer or registration in the name of the rightful owners.

53.9 Government grants & Subsidies

The variance due to the unspent amount as at 30 June 2015.

54.10 Public contribution & donations

The municipality do not budget for donations, as you may never know whether you will receive donations or not.

53.11 Traffic fines

It is always complex exercise to budget for traffic fine as they are not technically depend on revenue for the municipality but how enforcement exercise, which the depend on the number of people trespassing the traffic rule.

EXPENDITURE

53.12 Employee related cost

The under spending is mainly due to posts that were not filled for many reasons, like post of a Technical Director Civil and Cash Flow challenges

53.13 Remuneration of Councilors

The under spending was caused by only 5% increase in Councilors allowances where 6.5% was budgeted.

53.14 Depreciation and amortisation

The increase in actual depreciation was parallel to additions to Assets on both movable and immovable

53.15 Impairment of assets

The municipality do not budget for impairment assets.

53.16 Finance Costs

The increase was triggered by interest / penalty paid to ESKOM, AGSA and others for late payment of accounts due to cash

Umjindi Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements for the year ended 30 June 2015

Figures in Rand	2015	2014
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53. Budget differences (continued)

flow.

53.17 Lease rentals on operating Leases

The appointment of the new service provider for the office automation resulted in savings as the amount was paid compared to other service provider.

53.18 Allowances for impairment of Debtors

The appointment of Service Providers for Debt Collection has made more consumers to make payments and hence the decrease on the number of consumers who do not make any payment within 12 months.

54.19 Repairs and Maintenance

Combination of cost curtailment and lack of sufficient cash flow has let to lower spending on repairs and maintenance, more money was also directed towards interest charged by ESKOM and AGSA.

53.20 Material and bulk purchases

The estimation of how much electricity will be purchases always poses a serious challenge because it is impossible to estimate the electricity usage

53.21 Transfers and subsidies

Number of indigents, free water and electricity were much lesser than anticipated.

53.22 General expenses

This may be viewed as the results of successful cost curtailment and better internal controls to avoid unnecessary spending

53.23 Gain (loss) on disposal of assets

The R 300 00 budget was a mere estimate which the municipality has no complete control. there will always be a difference between budget and actual.

53.24 Fair value adjustments

The value of properties will always differ from year to year as they depend on market fluctuations, and 2014/15 the property market was stagnant.

Umjindi Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements for the year ended 30 June 2015

Figures in Rand	2015	2014
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53. Budget differences (continued)

STATEMENT OF FINANCIAL POSITION

53.25 By design and function it is not possible to budget for all Statement of financial position items and their timing different play a crucial role.

STATEMENT OF CASHFLOWS

53.26 Property rates

The R 17 000 000 Budget initially excluded the Property Rates on all stands that were in Umjindi Municipality's name and Management made a decision to charge them irrespective of the Transfer or registration in the name of the rightful owners.

53.27 Sale of goods and services

Non - collection of 100% of revenue on service charges remains a mammoth task due to many factors, socio-economic conditions, electricity and water theft, and this can be attributed to the 8.2% under collection.

54.28 Government grants and subsidies

The variance due to the unspent amount as at 30 June 2015.

53.29 Interest received - external investment

Delayed spending on implementation of Municipal Infrastructure Grant and Municipal Water Infrastructure Grant made the municipality to earn interest at the bank.

53.30 Other income

The overall increase of other income can be attributable to many sources of revenue listed. Other revenues dropped and others increased , like connections and administrative fees increased and insurance claims decreased.

53.31 Suppliers and employees

The under spending is mainly due to posts that were not filled for many reasons, like post of a Technical Director Civil and Cash Flow challenges and This may be viewed as the results of successful cost curtailment and better internal controls to avoid unnecessary spending.

53.32 Finance costs

The increase was triggered by interest / penalty paid to ESKOM, AGSA and others for late payment of accounts due to cash flow.

53.33 Transfers and subsidies

Number of indigents, free water and electricity were much lesser than anticipated.

53.34 Cashflow from investing activities

The variance due to the unspent amount as at 30 June 2015.

53.35 Cash flows from financing activities

The variance is due to lack of budgeting, on current portion of the long term loan.

Umjindi Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Appropriation Statement for the year ended 30 June 2015

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
2015											
Financial Performance											
Property rates	17 362 016	-	17 362 016	-		17 362 016	22 732 193		5 370 177	131 %	131 %
Service charges	127 072 900	-	127 072 900	-		127 072 900	116 657 823		(10 415 077)	92 %	92 %
Investment revenue	350 000	-	350 000	-		350 000	1 094 294		744 294	313 %	313 %
Transfers recognised - operational	64 208 000	-	64 208 000	-		64 208 000	77 379 435		13 171 435	121 %	121 %
Other own revenue	11 995 000	-	11 995 000	-		11 995 000	14 709 088		2 714 088	123 %	123 %
Total revenue (excluding capital transfers and contributions)	220 987 916	-	220 987 916	-		220 987 916	232 572 833		11 584 917	105 %	105 %
Employee costs	(85 779 000)	-	(85 779 000)	-	-	(85 779 000)	(82 020 530)	-	3 758 470	96 %	96 %
Remuneration of councillors	(7 040 000)	-	(7 040 000)	-	-	(7 040 000)	(5 740 464)	-	1 299 536	82 %	82 %
Debt impairment	(15 371 000)	-	(15 371 000)			(15 371 000)	(7 649 401)	-	7 721 599	50 %	50 %
Depreciation and asset impairment	(23 000 000)	-	(23 000 000)			(23 000 000)	(27 241 463)	-	(4 241 463)	118 %	118 %
Finance charges	(1 785 000)	-	(1 785 000)	-	-	(1 785 000)	(2 984 053)	-	(1 199 053)	167 %	167 %
Materials and bulk purchases	(62 535 000)	-	(62 535 000)	-	-	(62 535 000)	(69 052 191)	-	(6 517 191)	110 %	110 %
Transfers and grants	(7 165 000)	-	(7 165 000)	-	-	(7 165 000)	(6 771 990)	-	393 010	95 %	95 %
Other expenditure	(46 554 000)	-	(46 554 000)	-	-	(46 554 000)	(43 653 605)	-	2 900 395	94 %	94 %
Total expenditure	(249 229 000)	-	(249 229 000)	-	-	(249 229 000)	(245 113 697)	-	4 115 303	98 %	98 %
Surplus/(Deficit)	(28 241 084)	-	(28 241 084)	-		(28 241 084)	(12 540 864)		15 700 220	44 %	44 %

Umjindi Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers recognised - capital	54 800 000	10 600 000	65 400 000	-		65 400 000	50 339 495		(15 060 505)	77 %	92 %
Contributions recognised - capital and contributed assets	-	-	-	-		-	10 095 201		10 095 201	DIV/0 %	DIV/0 %
Surplus (Deficit) after capital transfers and contributions	26 558 916	10 600 000	37 158 916	-		37 158 916	47 893 832		10 734 916	129 %	180 %
Surplus/(Deficit) for the year	26 558 916	10 600 000	37 158 916	-		37 158 916	47 893 832		10 734 916	129 %	180 %

Umjindi Local Municipality
Appendix A

Unaudited schedule of external loans as at 30 June 2015

Loan Number	Redeemable	Balance at 30 June 2014	Received during the period	Redeemed written off during the period	Balance at 30 June 2015		
		Rand	Rand	Rand	Rand	Rand	Rand
Development Bank of South Africa							
D B S A	11037	31-Mar-18	881 158	-	176 495	704 663	-
D B S A	13279	31-Mar-19	779 641	-	114 454	665 187	-
D B S A	13356	30-Sep-19	560 239	-	69 243	490 996	-
D B S A	101751	31-Mar-15	328 285	-	328 285	-	-
D B S A	102202	30-Sep-16	651 322	-	243 353	407 969	-
			3 200 645	-	931 830	2 268 815	-
Total external loans							
Development Bank of South Africa			3 200 645	-	931 830	2 268 815	-
			3 200 645	-	931 830	2 268 815	-

Unaudited analysis of property, plant and equipment as at 30 June 2015
Cost **Accumulated depreciation**

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Fair value adjustments Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Land	108 441 790	-	-	-	-	-	108 441 790	-	-	-	-	-	-	108 441 790
Landfill Sites	11 674 593	-	-	-	-	-	11 674 593	(2 578 092)	-	-	(546 685)	-	(3 124 777)	8 549 816
Buildings	21 989 509	-	-	-	-	-	21 989 509	(9 625 413)	-	-	(758 174)	-	(10 383 587)	11 605 922
	142 105 892	-	-	-	-	-	142 105 892	(12 203 505)	-	-	(1 304 859)	-	(13 508 364)	128 597 528
Infrastructure														
Main: roads and stormwater	393 432 742	3 334 416	-	11 964 981	-	-	408 732 139	(181 565 791)	-	-	(11 666 588)	-	(193 232 379)	215 499 760
Sewerage purification	106 785 120	-	-	12 533 243	-	-	119 318 363	(23 347 881)	-	-	(1 841 171)	-	(25 189 052)	94 129 311
Electricity	118 074 691	11 413	-	21 721 709	-	-	139 807 813	(45 394 917)	-	-	(4 798 107)	-	(50 193 024)	89 614 789
Water purification	266 640 722	39 617	-	7 087 983	-	-	273 768 322	(50 735 712)	-	-	(4 885 227)	-	(55 620 939)	218 147 383
Security measures	522 825	-	-	-	-	-	522 825	(155 094)	-	-	(21 304)	-	(176 398)	346 427
	885 456 100	3 385 446	-	53 307 916	-	-	942 149 462	(301 199 395)	-	-	(23 212 397)	-	(324 411 792)	617 737 670
Community Assets														
buildings	25 867 311	9 710 112	-	-	-	-	35 577 423	(18 404 028)	-	-	(873 597)	-	(19 277 625)	16 299 798
Recreational facilities	8 469 013	-	-	-	-	-	8 469 013	(3 900 267)	-	-	(264 756)	-	(4 165 023)	4 303 990
	34 336 324	9 710 112	-	-	-	-	44 046 436	(22 304 295)	-	-	(1 138 353)	-	(23 442 648)	20 603 788

Umjindi Local Municipality
Umjindi Local Municipality

Unaudited analysis of property, plant and equipment as at 30 June 2015

Cost

Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Fair value adjustments Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Capital work in progress														
Work in progress	53 694 456	59 971 375	-	(53 321 155)	-	-	60 344 676	-	-	-	-	-	-	60 344 676
	53 694 456	59 971 375	-	(53 321 155)	-	-	60 344 676	-	-	-	-	-	-	60 344 676
Other assets														
Furniture & office equipment	7 889 647	461 864	-	13 239	-	-	8 364 750	(7 225 343)	-	-	(232 611)	(4 535)	(7 462 489)	902 261
Plant & equipment	6 925 079	781 189	-	-	-	-	7 706 268	(5 095 779)	-	-	(619 390)	-	(5 715 169)	1 991 099
Computer Equipment	2 837 190	256 045	(18 568)	-	-	-	3 074 667	(2 418 106)	13 307	-	(169 591)	(29 841)	(2 604 231)	470 436
Transport & vehicles	7 645 176	-	-	-	-	-	7 645 176	(5 892 886)	-	-	(471 404)	-	(6 364 290)	1 280 886
Emergency equipment	490 524	30 600	-	-	-	-	521 124	(418 902)	-	-	(23 933)	-	(442 835)	78 289
Bins and Containers	552 216	-	-	-	-	-	552 216	(414 162)	-	-	(55 222)	-	(469 384)	82 832
	26 339 832	1 529 698	(18 568)	13 239	-	-	27 864 201	(21 465 178)	13 307	-	(1 572 151)	(34 376)	(23 058 398)	4 805 803

Umjindi Local Municipality
Umjindi Local Municipality

Unaudited analysis of property, plant and equipment as at 30 June 2015

Cost

Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Fair value adjustments Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment														
Land and buildings	142 105 892	-	-	-	-	-	142 105 892	(12 203 505)	-	-	(1 304 859)	-	(13 508 364)	128 597 528
Infrastructure	885 456 100	3 385 446	-	53 307 916	-	-	942 149 462	(301 199 395)	-	-	(23 212 397)	-	(324 411 792)	617 737 670
Community Assets	34 336 324	9 710 112	-	-	-	-	44 046 436	(22 304 295)	-	-	(1 138 353)	-	(23 442 648)	20 603 788
Capital work in progress	53 694 456	59 971 375	-	(53 321 155)	-	-	60 344 676	-	-	-	-	-	-	60 344 676
Other assets	26 339 832	1 529 698	(18 568)	13 239	-	-	27 864 201	(21 465 178)	13 307	-	(1 572 151)	(34 376)	(23 058 398)	4 805 803
	1 141 932 604	74 596 631	(18 568)	-	-	-	1 216 510 667	(357 172 373)	13 307	-	(27 227 760)	(34 376)	(384 421 202)	832 089 465
Heritage assets														
Heritage assets	529 510	-	-	-	-	-	529 510	-	-	-	-	-	-	529 510
	529 510	-	-	-	-	-	529 510	-	-	-	-	-	-	529 510
Intangible assets														
Computers - software	297 610	60 043	-	-	-	-	357 653	(159 003)	-	-	(47 564)	-	(206 567)	151 086
	297 610	60 043	-	-	-	-	357 653	(159 003)	-	-	(47 564)	-	(206 567)	151 086
Investment properties														
Investment property	84 114 415	-	-	-	-	(5 254 800)	78 859 615	-	-	-	-	-	-	78 859 615
	84 114 415	-	-	-	-	(5 254 800)	78 859 615	-	-	-	-	-	-	78 859 615
Total														
Land and buildings	142 105 892	-	-	-	-	-	142 105 892	(12 203 505)	-	-	(1 304 859)	-	(13 508 364)	128 597 528
Infrastructure	885 456 100	3 385 446	-	53 307 916	-	-	942 149 462	(301 199 395)	-	-	(23 212 397)	-	(324 411 792)	617 737 670
Community Assets	34 336 324	9 710 112	-	-	-	-	44 046 436	(22 304 295)	-	-	(1 138 353)	-	(23 442 648)	20 603 788
Capital work in progress	53 694 456	59 971 375	-	(53 321 155)	-	-	60 344 676	-	-	-	-	-	-	60 344 676
Other assets	26 339 832	1 529 698	(18 568)	13 239	-	-	27 864 201	(21 465 178)	13 307	-	(1 572 151)	(34 376)	(23 058 398)	4 805 803
Heritage assets	529 510	-	-	-	-	-	529 510	-	-	-	-	-	-	529 510
Intangible assets	297 610	60 043	-	-	-	-	357 653	(159 003)	-	-	(47 564)	-	(206 567)	151 086
Investment properties	84 114 415	-	-	-	-	(5 254 800)	78 859 615	-	-	-	-	-	-	78 859 615
	1 226 874 139	74 656 674	(18 568)	-	-	(5 254 800)	1 296 257 445	(357 331 376)	13 307	-	(27 275 324)	(34 376)	(384 627 769)	911 629 676

Unaudited analysis of property, plant and equipment as at 30 June 2014

Cost							Accumulated depreciation						
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	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Fairvalue adjustment Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Land	108 441 790	-	-	-	-	-	108 441 790	-	-	-	-	-	-	108 441 790
Buildings	21 989 509	-	-	-	-	-	21 989 509	(9 104 309)	-	-	(521 103)	-	(9 625 412)	12 364 097
landfill site	2 796 273	-	-	-	-	-	2 796 273	(2 031 125)	-	-	(103 051)	-	(2 134 176)	662 097
	133 227 572	-	-	-	-	-	133 227 572	(11 135 434)	-	-	(624 154)	-	(11 759 588)	121 467 984
Infrastructure														
Main: roads and stormwater	382 957 122	4 715 199	-	5 760 421	-	-	393 432 742	(170 247 524)	-	-	(11 318 940)	-	(181 566 464)	211 866 278
Sewerage purification	106 785 120	-	-	-	-	-	106 785 120	(22 690 435)	-	-	(1 829 080)	-	(24 519 515)	82 265 605
Electricity	107 536 087	-	-	10 538 604	-	-	118 074 691	(41 915 221)	-	-	(3 995 586)	-	(45 910 807)	72 163 884
Water purification	258 015 459	7 238 812	-	1 386 451	-	-	266 640 722	(46 088 033)	-	-	(4 647 679)	-	(50 735 712)	215 905 010
Security measures	374 600	-	-	148 226	-	-	522 826	(135 307)	-	-	(21 304)	-	(156 611)	366 215
	855 668 388	11 954 011	-	17 833 702	-	-	885 456 101	(281 076 520)	-	-	(21 812 589)	-	(302 889 109)	582 566 992
Community Assets														
Buildings	25 867 311	-	-	-	-	-	25 867 311	(17 543 947)	-	-	(860 081)	-	(18 404 028)	7 463 283
Recreational facilities	5 823 631	1 532 140	-	1 113 243	-	-	8 469 014	(3 216 743)	-	-	(233 525)	-	(3 450 268)	5 018 746
	31 690 942	1 532 140	-	1 113 243	-	-	34 336 325	(20 760 690)	-	-	(1 093 606)	-	(21 854 296)	12 482 029

Umjindi Local Municipality
Umjindi Local Municipality

Unaudited analysis of property, plant and equipment as at 30 June 2014

Cost

Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Fairvalue adjustment Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Capital work in progress	22 200 088	49 012 163	-	(18 946 945)	-	-	52 265 306	-	-	-	-	-	-	52 265 306
Other assets														
Furniture & office equipment	7 983 504	-	(93 857)	-	-	-	7 889 647	(6 955 048)	89 089	-	-	(361 319)	(7 227 278)	662 369
Plant & equipment	6 820 402	254 036	(149 359)	-	-	-	6 925 079	(4 618 869)	147 134	-	-	(624 045)	(5 095 780)	1 829 299
Computer Equipment	3 319 476	99 931	(568 946)	-	-	-	2 850 461	(2 629 840)	507 485	-	-	(302 282)	(2 424 637)	425 824
Transport & vehicles	8 223 485	-	(440 159)	-	-	-	7 783 326	(5 698 490)	421 856	-	-	(796 503)	(6 073 137)	1 710 189
Emergency equipment	490 524	-	-	-	-	-	490 524	(390 952)	-	-	-	(27 950)	(418 902)	71 622
Bins & containers	552 216	-	-	-	-	-	552 216	(358 940)	-	-	-	(55 222)	(414 162)	138 054
Leased assets - Fiance lease	904 084	(904 084)	-	-	-	-	-	(773 118)	773 118	-	-	-	-	-
	28 293 691	(550 117)	(1 252 321)	-	-	-	26 491 253	(21 425 257)	1 938 682	-	-	(2 167 321)	(21 653 896)	4 837 357

Umjindi Local Municipality
Umjindi Local Municipality

Unaudited analysis of property, plant and equipment as at 30 June 2014

Cost

Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Fairvalue adjustment Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment														
Land and buildings	133 227 572	-	-	-	-	-	133 227 572	(11 135 434)	-	-	(624 154)	-	(11 759 588)	121 467 984
Infrastructure	855 668 388	11 954 011	-	17 833 702	-	-	885 456 101	(281 076 520)	-	-	(21 812 589)	-	(302 889 109)	582 566 992
Community Assets	31 690 942	1 532 140	-	1 113 243	-	-	34 336 325	(20 760 690)	-	-	(1 093 606)	-	(21 854 296)	12 482 029
Capital work in progress	22 200 088	49 012 163	-	(18 946 945)	-	-	52 265 306	-	-	-	-	-	-	52 265 306
Other assets	28 293 691	(550 117)	(1 252 321)	-	-	-	26 491 253	(21 425 257)	1 938 682	-	-	(2 167 321)	(21 653 896)	4 837 357
	1 071 080 681	61 948 197	(1 252 321)	-	-	-	1 131 776 557	(334 397 901)	1 938 682	-	(23 530 349)	(2 167 321)	(358 156 889)	773 619 668
Heritage assets	529 510	-	-	-	-	-	529 510	-	-	-	-	-	-	529 510
Intangible assets	295 655	1 955	-	-	-	-	297 610	(78 463)	-	-	-	(80 540)	(159 003)	138 607
Investment properties	84 722 100	-	-	-	-	3 426 900	88 149 000	-	-	-	-	-	-	88 149 000
Total														
Land and buildings	133 227 572	-	-	-	-	-	133 227 572	(11 135 434)	-	-	(624 154)	-	(11 759 588)	121 467 984
Infrastructure	855 668 388	11 954 011	-	17 833 702	-	-	885 456 101	(281 076 520)	-	-	(21 812 589)	-	(302 889 109)	582 566 992
Community Assets	31 690 942	1 532 140	-	1 113 243	-	-	34 336 325	(20 760 690)	-	-	(1 093 606)	-	(21 854 296)	12 482 029
Capital work in progress	22 200 088	49 012 163	-	(18 946 945)	-	-	52 265 306	-	-	-	-	-	-	52 265 306
Other assets	28 293 691	(550 117)	(1 252 321)	-	-	-	26 491 253	(21 425 257)	1 938 682	-	-	(2 167 321)	(21 653 896)	4 837 357
Heritage assets	529 510	-	-	-	-	-	529 510	-	-	-	-	-	-	529 510
Intangible assets	295 655	1 955	-	-	-	-	297 610	(78 463)	-	-	-	(80 540)	(159 003)	138 607
Investment properties	84 722 100	-	-	-	-	3 426 900	88 149 000	-	-	-	-	-	-	88 149 000
	1 156 627 946	61 950 152	(1 252 321)	-	-	3 426 900	1 220 752 677	(334 476 364)	1 938 682	-	(23 530 349)	(2 247 861)	(358 315 892)	862 436 785

Umjindi Local Municipality
Appendix D

Segmental Statement of Financial Performance for the year ended 30 June 2015
Prior Year **Current Year**

Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand		Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand
Municipality						
84 897 921	84 346 731	551 190	Executive & Council/Mayor and Council	95 873 826	85 598 036	10 275 790
30 457	8 283 663	(8 253 206)	Finance & Admin/Finance	34 909	8 638 467	(8 603 558)
2 843 271	7 778 319	(4 935 048)	Planning and Development/Economic Development/Plan	2 398 469	8 075 687	(5 677 218)
428 190	5 127 774	(4 699 584)	Comm. & Social/Libraries and archives	429 625	5 410 695	(4 981 070)
467 521	1 786 031	(1 318 510)	Housing	1 365 566	1 958 393	(592 827)
1 521 504	4 903 225	(3 381 721)	Public Safety/Police	15 362 611	5 739 908	9 622 703
1 171 951	5 965 170	(4 793 219)	Sport and Recreation	93 692	5 991 319	(5 897 627)
26 210 115	11 160 140	15 049 975	Waste Water Management/Sewerage	25 323 478	12 509 932	12 813 546
11 881 038	12 975 247	(1 094 209)	Road Transport/Roads	3 001 649	11 760 673	(8 759 024)
50 655 917	10 659 261	39 996 656	Water/Water Distribution	69 394 491	11 874 563	57 519 928
85 256 505	74 585 386	10 671 119	Electricity /Electricity Distribution	74 469 153	81 002 763	(6 533 610)
265 364 390	227 570 947	37 793 443		287 747 469	238 560 436	49 187 033
Municipal Owned Entities						
Other charges						
265 364 390	227 570 947	37 793 443	Municipality	287 747 469	238 560 436	49 187 033
265 364 390	227 570 947	37 793 443	Total	287 747 469	238 560 436	49 187 033

Umjindi Local Municipality
Appendix G1
Budgeted Financial Performance (revenue and expenditure by standard classification)
for the year ended 30 June 2015

	2014/2015								2013/2014						
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget Rand	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Revenue - Standard															
Governance and administration	82 453 307	-	82 453 307	-		82 453 307	101 168 796		18 715 489	123 %	123 %				75 224 457
Executive and council	3 629 000	-	3 629 000	-		3 629 000	373 578		(3 255 422)	10 %	10 %				3 456 000
Budget and treasury office	78 791 307	-	78 791 307	-		78 791 307	100 760 309		21 969 002	128 %	128 %				71 738 000
Corporate services	33 000	-	33 000	-		33 000	34 909		1 909	106 %	106 %				30 457
Community and public safety	3 608 331	2 400 000	6 008 331	-		6 008 331	17 251 494		11 243 163	287 %	478 %				3 073 000
Community and social services	612 331	-	612 331	-		612 331	429 625		(182 706)	70 %	70 %				547 000
Sport and recreation	1 533 000	-	1 533 000	-		1 533 000	93 692		(1 439 308)	6 %	6 %				1 153 000
Public safety	266 000	2 400 000	2 666 000	-		2 666 000	15 362 611		12 696 611	576 %	5 775 %				244 000
Housing	1 197 000	-	1 197 000	-		1 197 000	1 365 566		168 566	114 %	114 %				1 129 000
Economic and environmental services	21 532 946	-	21 532 946	-		21 532 946	5 400 118		(16 132 828)	25 %	25 %				17 527 000
Planning and development	4 694 000	-	4 694 000	-		4 694 000	2 398 469		(2 295 531)	51 %	51 %				5 849 000
Road transport	16 838 946	-	16 838 946	-		16 838 946	3 001 649		(13 837 297)	18 %	18 %				11 678 000
Trading services	168 195 194	8 200 000	176 395 194	-		176 395 194	169 187 123		(7 208 071)	96 %	101 %				170 182 000
Electricity	85 551 000	-	85 551 000	-		85 551 000	74 469 153		(11 081 847)	87 %	87 %				85 066 000
Water	51 154 327	8 200 000	59 354 327	-		59 354 327	69 394 491		10 040 164	117 %	136 %				59 636 000
Waste water management	19 074 397	-	19 074 397	-		19 074 397	12 565 592		(6 508 805)	66 %	66 %				14 938 000
Waste management	12 415 470	-	12 415 470	-		12 415 470	12 757 887		342 417	103 %	103 %				10 542 000
Total Revenue - Standard	275 789 778	10 600 000	286 389 778	-		286 389 778	293 007 531		6 617 753	102 %	106 %				266 006 457

Umjindi Local Municipality

Appendix G1

Budgeted Financial Performance (revenue and expenditure by standard classification) for the year ended 30 June 2015

	2014/2015								2013/2014						
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget Rand	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand		Rand	Rand	Rand	Rand	Rand	Rand
Expenditure - Standard															
Governance and administration	103 079 000	-	103 079 000	-	-	103 079 000	88 976 442	-	(14 102 558)	86 %	86 %	-	-	-	87 206 000
Executive and council	21 486 000	-	21 486 000	-	-	21 486 000	22 183 559	-	697 559	103 %	103 %	-	-	-	18 477 000
Budget and treasury office	70 469 000	-	70 469 000	-	-	70 469 000	58 154 416	-	(12 314 584)	83 %	83 %	-	-	-	57 239 000
Corporate services	11 124 000	-	11 124 000	-	-	11 124 000	8 638 467	-	(2 485 533)	78 %	78 %	-	-	-	11 490 000
Community and public safety	21 366 000	-	21 366 000	-	-	21 366 000	19 100 315	-	(2 265 685)	89 %	89 %	-	-	-	20 233 000
Community and social services	6 099 000	-	6 099 000	-	-	6 099 000	5 410 695	-	(688 305)	89 %	89 %	-	-	-	5 168 000
Sport and recreation	7 244 000	-	7 244 000	-	-	7 244 000	5 991 319	-	(1 252 681)	83 %	83 %	-	-	-	7 745 000
Public safety	5 991 000	-	5 991 000	-	-	5 991 000	5 739 908	-	(251 092)	96 %	96 %	-	-	-	5 405 000
Housing	2 032 000	-	2 032 000	-	-	2 032 000	1 958 393	-	(73 607)	96 %	96 %	-	-	-	1 915 000
Economic and environmental services	27 322 000	-	27 322 000	-	-	27 322 000	19 836 360	-	(7 485 640)	73 %	73 %	-	-	-	18 258 000
Planning and development	13 909 000	-	13 909 000	-	-	13 909 000	8 075 687	-	(5 833 313)	58 %	58 %	-	-	-	10 132 000
Road transport	13 413 000	-	13 413 000	-	-	13 413 000	11 760 673	-	(1 652 327)	88 %	88 %	-	-	-	8 126 000
Trading services	115 920 745	-	115 920 745	-	-	115 920 745	105 387 258	-	(10 533 487)	91 %	91 %	-	-	-	101 547 000
Electricity	74 005 000	-	74 005 000	-	-	74 005 000	81 002 763	-	6 997 763	109 %	109 %	-	-	-	72 754 000
Water	14 256 000	-	14 256 000	-	-	14 256 000	11 874 563	-	(2 381 437)	83 %	83 %	-	-	-	5 620 000
Waste water management	16 092 745	-	16 092 745	-	-	16 092 745	3 176 524	-	(12 916 221)	20 %	20 %	-	-	-	12 395 000
Waste management	11 567 000	-	11 567 000	-	-	11 567 000	9 333 408	-	(2 233 592)	81 %	81 %	-	-	-	10 778 000
Total Expenditure - Standard	267 687 745	-	267 687 745	-	-	267 687 745	233 300 375	-	(34 387 370)	87 %	87 %	-	-	-	227 244 000
Surplus/(Deficit) for the year	8 102 033	10 600 000	18 702 033	-		18 702 033	59 707 156		41 005 123	319 %	737 %				38 762 457

Umjindi Local Municipality
Appendix G3
Budgeted Financial Performance (revenue and expenditure)
for the year ended 30 June 2015

	2014/2015							2013/2014							
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget Rand	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand		Rand	Rand	Rand	Rand	Rand	Rand
Revenue By Source															
Property rates	17 362 016	-	17 362 016	-		17 362 016	22 732 194		5 370 178	131 %	131 %				22 306 340
Property rates - penalties & collection charges	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Service charges - electricity revenue	78 772 007	-	78 772 007	-		78 772 007	70 633 369		(8 138 638)	90 %	90 %				65 908 128
Service charges - water revenue	29 931 182	-	29 931 182	-		29 931 182	27 601 652		(2 329 530)	92 %	92 %				21 035 902
Service charges - sanitation revenue	5 972 712	-	5 972 712	-		5 972 712	5 713 798		(258 914)	96 %	96 %				5 582 320
Service charges - refuse revenue	12 396 999	-	12 396 999	-		12 396 999	12 709 005		312 006	103 %	103 %				11 563 132
Service charges - other	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Rental of facilities and equipment	1 092 000	-	1 092 000	-		1 092 000	827 847		(264 153)	76 %	76 %				535 811
Interest earned - external investments	350 000	-	350 000	-		350 000	-		(350 000)	- %	- %				5 157 552
Interest earned - outstanding debtors	2 000 000	-	2 000 000	-		2 000 000	6 834 091		4 834 091	342 %	342 %				-
Dividends received	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Fines	253 000	-	253 000	-		253 000	604 700		351 700	239 %	239 %				732 750
Licences and permits	1 678 394	-	1 678 394	-		1 678 394	1 545 556		(132 838)	92 %	92 %				1 535 809
Agency services	1 142 211	-	1 142 211	-		1 142 211	1 367 617		225 406	120 %	120 %				1 192 849
Transfers recognised - operational	64 208 000	-	64 208 000	-		64 208 000	77 379 435		13 171 435	121 %	121 %				52 417 019
Other revenue	5 831 000	-	5 831 000	-		5 831 000	(631 305)		(6 462 305)	(11)%	(11)%				7 608 281
Gains on disposal of PPE	-	-	-	-		-	(5 261)		(5 261)	DIV/0 %	DIV/0 %				(643 656)
Total Revenue (excluding capital transfers and contributions)	220 989 521	-	220 989 521	-		220 989 521	227 312 698		6 323 177	103 %	103 %				194 932 237

Umjindi Local Municipality
Appendix G3
Budgeted Financial Performance (revenue and expenditure)
for the year ended 30 June 2015

2014/2015										2013/2014				
Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Budget Rand	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Expenditure By Type														
Employee related costs	85 779 000	-	85 779 000	-	-	85 779 000	82 020 534	-	(3 758 466)	96 %	96 %	-	-	76 286 199
Remuneration of councillors	7 040 000	-	7 040 000	-	-	7 040 000	5 740 464	-	(1 299 536)	82 %	82 %	-	-	5 574 554
Debt impairment	15 371 596	-	15 371 596	-	-	15 371 596	7 649 401	-	(7 722 195)	50 %	50 %	-	-	13 460 553
Depreciation & asset impairment	23 000 000	-	23 000 000	-	-	23 000 000	27 241 463	-	4 241 463	118 %	118 %	-	-	26 224 647
Finance charges	1 785 000	-	1 785 000	-	-	1 785 000	2 984 051	-	1 199 051	167 %	167 %	-	-	1 152 404
Bulk purchases	62 535 000	-	62 535 000	-	-	62 535 000	69 052 191	-	6 517 191	110 %	110 %	-	-	62 856 670
Other materials	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Contracted services	11 848 000	-	11 848 000	-	-	11 848 000	11 662 334	-	(185 666)	98 %	98 %	-	-	10 942 601
Transfers and grants	10 828 000	-	10 828 000	-	-	10 828 000	6 771 990	-	(4 056 010)	63 %	63 %	-	-	4 873 232
Other expenditure	36 500 000	-	36 500 000	-	-	36 500 000	26 731 206	-	(9 768 794)	73 %	73 %	-	-	26 200 090
Loss on disposal of PPE	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Total Expenditure	254 686 596	-	254 686 596	-	-	254 686 596	239 853 634	-	(14 832 962)	94 %	94 %	-	-	227 570 950
Surplus/(Deficit)	(33 697 075)	-	(33 697 075)	-	-	(33 697 075)	(12 540 936)	-	21 156 139	37 %	37 %	-	-	(32 638 713)
Transfers recognised - capital	54 800 000	10 600 000	65 400 000	-	-	65 400 000	50 339 496	-	(15 060 504)	77 %	92 %	-	-	67 697 528
Contributions recognised - capital	-	-	-	-	-	-	10 095 201	-	10 095 201	DIV/0 %	DIV/0 %	-	-	2 734 625
Contributed assets	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-
Surplus/(Deficit) after capital transfers & contributions	21 102 925	10 600 000	31 702 925	-	-	31 702 925	47 893 761	-	16 190 836	151 %	227 %	-	-	37 793 440
Taxation	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-
Surplus/(Deficit) after taxation	21 102 925	10 600 000	31 702 925	-	-	31 702 925	47 893 761	-	16 190 836	151 %	227 %	-	-	37 793 440
Attributable to minorities	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-
Surplus/(Deficit) attributable to municipality	21 102 925	10 600 000	31 702 925	-	-	31 702 925	47 893 761	-	16 190 836	151 %	227 %	-	-	37 793 440
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-
Surplus/(Deficit) for the year	21 102 925	10 600 000	31 702 925	-	-	31 702 925	47 893 761	-	16 190 836	151 %	227 %	-	-	37 793 440

Umjindi Local Municipality
Appendix G4
Budgeted Capital Expenditure by vote, standard classification and funding
for the year ended 30 June 2015

	2014/2015								2013/2014						
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget Rand	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand		Rand	Rand	Rand	Rand	Rand	Rand
Capital multi-year expenditure sub-total	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Single-year expenditure															
Vote 1 - Executive and Council	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Vote 2 - Budget and Treasury Officer	332 000	-	332 000	-	-	332 000	332 000	-	-	100 %	100 %	-	-	-	-
Vote 3 - Corporate Services	337 000	-	337 000	-	-	337 000	337 000	-	-	100 %	100 %	-	-	-	766 000
Vote 4 - Planning and Development	800 000	-	800 000	-	-	800 000	800 000	-	-	100 %	100 %	-	-	-	98 000
Vote 5 - Health	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Vote 6 - Community and Social Services	101 000	-	101 000	-	-	101 000	101 000	-	-	100 %	100 %	-	-	-	99 000
Vote 7 - Housing	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	5 000
Vote 8 - Public Safety	-	2 400 000	2 400 000	-	-	2 400 000	2 400 000	-	-	100 %	DIV/0 %	-	-	-	69 000
Vote 9 - Sports and Recreation	1 807 000	-	1 807 000	-	-	1 807 000	1 807 000	-	-	100 %	100 %	-	-	-	1 454 000
Vote 10 - Environment and Protection	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Vote 11 - Waste Management	250 000	-	250 000	-	-	250 000	250 000	-	-	100 %	100 %	-	-	-	8 000
Vote 12 - Waste Water Management	13 000 000	-	13 000 000	-	-	13 000 000	13 000 000	-	-	100 %	100 %	-	-	-	9 544 000
Vote 13 - Roads and Trasport	14 922 000	-	14 922 000	-	-	14 922 000	14 922 000	-	-	100 %	100 %	-	-	-	9 039 000
Vote 14 - Water	21 250 000	8 200 000	29 450 000	-	-	29 450 000	26 990 324	-	(2 459 676)	92 %	127 %	-	-	-	26 012 000
Vote 15 - Electricity	5 842 000	-	5 842 000	-	-	5 842 000	2 517 172	-	(3 324 828)	43 %	43 %	-	-	-	21 477 000
Capital single-year expenditure sub-total	58 641 000	10 600 000	69 241 000	-	-	69 241 000	63 456 496	-	(5 784 504)	92 %	108 %	-	-	-	-
Total Capital Expenditure - Vote	58 641 000	10 600 000	69 241 000	-	-	69 241 000	63 456 496	-	(5 784 504)	92 %	108 %	-	-	-	-

Umjindi Local Municipality
Appendix G4
Budgeted Capital Expenditure by vote, standard classification and funding
for the year ended 30 June 2015

2014/2015															2013/2014				
Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget Rand	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome					
Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand					
Capital Expenditure - Standard																			
Governance and administration	669 000	-	669 000	-	-	669 000	669 000	-	-	100 %	100 %	-	-	-	766 000				
Executive and council	30 000	-	30 000	-	-	30 000	30 000	-	-	100 %	100 %	-	-	-	-				
Budget and treasury office	316 000	-	316 000	-	-	316 000	316 000	-	-	100 %	100 %	-	-	-	-				
Corporate services	323 000	-	323 000	-	-	323 000	323 000	-	-	100 %	100 %	-	-	-	766 000				
Community and public safety	1 967 000	2 400 000	4 367 000	-	-	4 367 000	4 367 000	-	-	100 %	222 %	-	-	-	1 627 000				
Community and social services	132 000	-	132 000	-	-	132 000	132 000	-	-	100 %	100 %	-	-	-	99 000				
Sport and recreation	1 807 000	-	1 807 000	-	-	1 807 000	1 807 000	-	-	100 %	100 %	-	-	-	1 454 000				
Public safety	-	2 400 000	2 400 000	-	-	2 400 000	2 400 000	-	-	100 %	DIV/0 %	-	-	-	69 000				
Housing	8 000	-	8 000	-	-	8 000	8 000	-	-	100 %	100 %	-	-	-	5 000				
Health	20 000	-	20 000	-	-	20 000	20 000	-	-	100 %	100 %	-	-	-	-				
Economic and environmental services	15 643 000	-	15 643 000	-	-	15 643 000	15 643 000	-	-	100 %	100 %	-	-	-	9 136 000				
Planning and development	741 000	-	741 000	-	-	741 000	741 000	-	-	100 %	100 %	-	-	-	97 000				
Road transport	14 902 000	-	14 902 000	-	-	14 902 000	14 902 000	-	-	100 %	100 %	-	-	-	9 039 000				
Environmental protection	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-				
Trading services	27 362 000	8 200 000	35 562 000	-	-	35 562 000	29 777 496	-	(5 784 504)	84 %	109 %	-	-	-	57 041 000				
Electricity	5 842 000	-	5 842 000	-	-	5 842 000	2 517 172	-	(3 324 828)	43 %	43 %	-	-	-	21 477 000				
Water	21 270 000	8 200 000	29 470 000	-	-	29 470 000	27 010 324	-	(2 459 676)	92 %	127 %	-	-	-	26 012 000				
Waste water management	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	9 544 000				
Waste management	250 000	-	250 000	-	-	250 000	250 000	-	-	100 %	100 %	-	-	-	8 000				
Other	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-				
Other	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-				
Total Capital Expenditure - Standard	45 641 000	10 600 000	56 241 000	-	-	56 241 000	50 456 496	-	(5 784 504)	90 %	111 %	-	-	-	68 570 000				
Funded by:																			
National Government	54 800 000	10 600 000	65 400 000	-		65 400 000	59 615 496		(5 784 504)	91 %	109 %				63 754 000				
Provincial Government	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-				
District Municipality	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-				
Other transfers and grants	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-				
Transfers recognised - capital	54 800 000	10 600 000	65 400 000	-		65 400 000	59 615 496		(5 784 504)	91 %	109 %				63 754 000				
Public contributions & donations	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-				
Borrowing	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-				
Internally generated funds	3 841 000	-	3 841 000	-		3 841 000	3 841 000		-	100 %	100 %				4 816 000				
Total Capital Funding	58 641 000	10 600 000	69 241 000	-		69 241 000	63 456 496		(5 784 504)	92 %	108 %				68 570 000				

Umjindi Local Municipality
Appendix G5
Budgeted Cash Flows
for the year ended 30 June 2015

	2014/2015						2014		
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Final Budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget Rand	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Cash flow from operating activities									
Receipts									
Ratepayers and service charges	136 425 000	-	136 425 000	136 425 000	155 355 577	18 930 577	114 %	114 %	126 659 314
Government - operating	64 208 000	-	64 208 000	64 208 000	83 165 738	18 957 738	130 %	130 %	52 417 019
Government - capital	54 800 000	10 600 000	65 400 000	65 400 000	50 339 496	(15 060 504)	77 %	92 %	62 494 826
Interest	2 350 000	-	2 350 000	2 350 000	1 094 294	(1 255 706)	47 %	47 %	509 136
Dividends	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Payments									
Suppliers and employees	(206 236 000)	-	(206 236 000)	(206 236 000)	(198 329 632)	7 906 368	96 %	96 %	(166 458 101)
Finance charges	(754 000)	-	(754 000)	(754 000)	(2 984 051)	(2 230 051)	396 %	396 %	(1 149 744)
Transfers and Grants	(6 940 000)	-	(6 940 000)	(6 940 000)	(10 719 773)	(3 779 773)	154 %	154 %	(8 380 549)
Net cash flow from/used operating activities	43 853 000	10 600 000	54 453 000	54 453 000	77 921 649	23 468 649	143 %	178 %	66 091 901
Cash flow from investing activities									
Receipts									
Proceeds on disposal of PPE	-	-	-	-	-	-	DIV/0 %	DIV/0 %	(643 656)
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Decrease (increase) other non-current receivables	-	-	-	-	-	-	DIV/0 %	DIV/0 %	23 000
Decrease (increase) in non-current investments	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Payments									
Capital assets	(54 800 000)	(10 600 000)	(65 400 000)	(65 400 000)	(74 596 633)	(9 196 633)	114 %	136 %	(64 062 529)
Net cash flow from/used investing activities	(54 800 000)	(10 600 000)	(65 400 000)	(65 400 000)	(74 596 633)	(9 196 633)	114 %	136 %	(64 683 185)
Cash flow from financing activities									
Receipts									
Short term loans	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Borrowing long term/refinancing	-	-	-	-	(931 830)	(931 830)	DIV/0 %	DIV/0 %	(879 812)
Increase (decrease) in consumer deposits	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Payments									
Repayment of borrowing	(1 031 000)	-	(1 031 000)	(1 031 000)	-	1 031 000	- %	- %	-
Net cash flow from/used financing activities	(1 031 000)	-	(1 031 000)	(1 031 000)	(931 830)	99 170	90 %	90 %	(879 812)
Net increase/(decrease) in cash held	(11 978 000)	-	(11 978 000)	(11 978 000)	2 393 186	14 371 186	(20)%	(20)%	528 904
Cash/cash equivalents at the year end:	(11 978 000)	-	(11 978 000)	(11 978 000)	7 333 409	14 371 186	(81)%	(81)%	6 827 506